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YEAR BOOK OF AGRICULTURAL  
CO-OPERATION  
(1934)

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**THE  
HORACE PLUNKETT FOUNDATION**

(INCORPORATED 1926)

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# Year Book of Agricultural Co-operation 1934

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10 DOUGHTY STREET, LONDON, W.C.1

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## CO-OPERATION AND THE STATE

As the economic crisis deepens, it has come more and more to wear the aspect of a breakdown of the capitalist system itself, a breakdown all the more impressive since it is the outcome, not of any assault from without, but of a disintegration from within. In previous issues of the *Year Book* it has been pointed out that co-operative production and commerce has not only preserved a significant stability amid general dislocation, but that this circumstance merely supports the whole history and philosophy of the movement in suggesting that it has a future apart from capitalist economics and that every fresh collapse in the world of trade and finance is a call to co-operation to demonstrate its sounder functional and psychological basis. At the same time it was noted that "in emergencies it is State action, rather than co-operative, that is likely to be called into play" and that this was a serious consideration for those co-operators who believed that, however desirable certain State services may be, co-operation offers in certain important fields a more durable and a more genuinely economic solution.

Events of the present year have fulfilled this warning. The emergency has continued and the states have acted. What might perhaps have been foreseen more clearly is that this action has not so much swept past co-operation as sought to carry the movement and its machinery forward in the new current of State-economy. It is as though the Governments of the world had suddenly discovered co-operation in the character of a new element, a sort of social radium, beneficent, powerful, dangerous, and had set out to harness or shackle it, as their boldness or

timidity dictates. Sometimes the two processes have much in common. The motives inspiring this development vary superficially from country to country. The result is hardly less than to place co-operation in an entirely new world confronted with new and hardly realised problems. Small wonder that blank misgivings assail not a few of the older school of co-operators.

The progress of the State from mild indifference or lofty patronage to something like usurpation has not been the work of a single year. As far back as 1917 the Russian Government, moved by a dogmatic faith and a desperate need of economic machinery, converted the voluntary consumers' societies into the branches of a State victualling department. The experiment lasted, with modifications, till 1921, when Lenin restored a rapidly deteriorating system to a voluntary basis. In Italy the process, seemingly dissimilar, has shown, over a long period, curious parallels. Co-operation had at first to bear the impact of Right-wing revolution; it was looked upon as a danger, if a contemptible one, rather than a power. But gradually, as the co-operative movement, or the need for it, obstinately refused to disappear, the impulse to crush translated itself into the Russian phase of a struggle for possession between the State and the voluntary co-operators.

Just a week before the march on Rome, but without revolutionary advertisement, the Primary Producers Pools Act found its way on to the Statute Book of Queensland, Australia. It embodied that rare thing, a new economic idea. It might almost be declared comparable in originality, though time alone can show whether also in worth, with the idea of dividend on purchase which launched the consumers' co-operative movement on its successful career. It is true that the ancestry of the Queensland idea can be traced with some certainty to the increasing legal insistence placed upon the "binding contract", especially in the Standard Marketing Act, which during 1921 was being

adopted by one American state after another. From the contract which bound the potentially disloyal member of a society, to the society which bound the potentially disloyal member of the farming community, may have seemed a small step, and "compelling the 10 per cent. to come in" a mere piece of transitory police work. But, in fact, what had been invented for better or worse was not a mechanical dodge, but a new economic form. Voluntary co-operation was familiar, it was proved; but it was open to the objection of being slow and difficult to apply. State socialism was also familiar; for certain services it might claim to be proved; it was open to the criticism of lacking flexibility and democratic support. The Queensland idea presented an intermediate form of which it might at least be claimed that it was flexible and stable and combined democracy with swift application. Theoretically it was most akin to syndicalism, which thus by a curious irony first found application in a community of capitalist farmers.

The Queensland idea spread rapidly to New South Wales and South Africa, but the rest of the world remained immune and uninterested. Meanwhile, trade revived and political stringencies relaxed. Revolution and counter revolution were alike suspended. The Russian and Italian co-operative movements came to the surface, not quite what they were before, but still surviving. Moreover, as the smoke and dust of the war cleared from the face of Europe, it was remarked that times were changing, that the industrial revolution was not an historical drama, but a non stop performance, and that its scene was now laid in the country. Voluntary co-operation, especially agricultural co-operation, though sneered at by commerce, enjoyed high moral prestige. Here, it was suggested, were the means by which the peasant, the "small man" of any occupation, might take his place in the sun without danger to a single one of the established claimants, with the possible exception of the middleman, whose



unpleasant characteristics made him an easy scapegoat. European Governments came to the peasant with congratulations and hard cash, credit banks were more than ever involved with the "Christian principles of religion, family and property", co-operative marketing swept the United States with revivalist frenzy, wheat pools met in international congresses like kings and cardinals, and the consumers' movements, indifferent to official praise or blame, went on increasing turnover and building up capital till even those that had passed through the fire of an inflationary catastrophe began to put forth the foliage of a second spring.

But co-operation still held no more than a precarious fraction of the economic field. In some countries as much as 90 per cent of a particular agricultural commodity might be co-operatively handled. Two-thirds was, and remains, a commoner figure. The consumers' movements of few countries supply more than a third of the national demand for the common necessities of life, while, with slight exceptions, the whole range of industrial production lies outside their scope. The structure and tone of economic life is still capitalist and it was in the strictest economic sense of the term a capitalist society which was brought by the play of its own inner forces to the brink of crisis in 1929. With its general features we are not concerned. They are familiar and sufficiently appalling. Their effect upon the continuance and prosperity of the voluntary co-operative movements has been discussed in previous *Year Books*, and from the articles which follow in the present issue it will be plain that the co-operative structure has remained unshattered by an increasingly severe economic strain. In the United States, where thousands of banks closed their doors for ever, not a single co-operative credit union failed, and only those showed losses which had invested their surplus funds in private institutions. Amid all the difficulties which falling prices and rising tariffs have created for the

Danish farmer, the Danish co-operative movement has remained as soundly based as in the years of prosperity, and has even extended its operations. Although prices have shown small tendency to rise, the turnover of many consumers' societies is once more on the increase, while their vitality and stability remain unimpaired. This circumstance is described, without exaggeration, by the International Labour Office, as "one of the most remarkable phenomena of recent years, the more so that these organisations and undertakings owe their existence to the class which is more widely and directly affected than any other by unemployment, bad sales, marketing difficulties, falling prices and falling wages."

But while private enterprise has faltered and given way and co-operative societies have stolidly held their ground, the State as trader has been taking the field in one country after another. State Revenue monopolies, even if not actual survivors of the mercantilist age, have been familiar for generations. State food monopolies were a feature of the war period and a few, like the Swiss grain monopoly, lingered, much criticised, to the very verge of the new outburst of State activity. What distinguished that outburst, however, were three entirely new characteristics—firstly, its assumption of permanency; secondly, its claim not merely to serve desirable ends but to follow intrinsically desirable means, means which were in themselves in some sense ends; and, thirdly, the co-operative character of those means.

Queensland, as has been shown, was the pioneer of State co-operation, but in the summer of 1929, American agriculture and the politicians concerned with its fate found themselves in a mood of impatience and disappointment. The fall in prices, so soon to become general, was already making itself felt in agriculture and especially in field crops. Co-operative marketing, which had begun its career on a wave of optimism and ambition, had not established the permanent prosperity of the farmer in eight

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years. In a country accustomed to quick results, this almost amounted to failure. The Agricultural Marketing Act was passed "to promote the effective merchandising of agricultural commodities" and to "protect, control and stabilise the currents of interstate and foreign commerce". This was strange language from the country of triumphant individualism, nor was it the cry of extreme distress, for the Wall Street crash and its sequelæ were yet to come. The Act created the Federal Farm Board with ample funds and powers not only to promote co-operative activity, but to create a virtually new form of economic organisation, the "stabilisation corporation", based in most cases on an existing federation of co-operative marketing societies, but authorised not only to act as a marketing agency on behalf of its members, but also to buy up the produce of non-members and, in fact, to become something scarcely distinguishable from a Queensland commodity board.

In Russia, too, the period of relaxation, of the upgrowth of a voluntary co-operative movement which had appeared so promising to Western observers, was drawing to a close. Here, not an excess, but a deficiency in technical organisation and the resulting productivity was the immediate cause of State action. Russia, aspiring to be self-supporting and rich, was hampered fatally by poor technical equipment. In agriculture the voluntary association of tiny units offered too slow a solution. The Five-Year Plan was launched in the second half of 1929, but it was not until 1930 that agriculture was heavily affected, and the voluntary co-operative societies for credit, marketing and supply began to be transformed into branches of a State banking system or semi-official agencies for marketing the produce or meeting the needs of State sponsored collective farms.

Just as the Five-Year Plan was getting under way, Ireland, a country with a much longer co-operative past than the U.S.S.R., entered upon two experiments, the end of which may perhaps be

more significant of change than the beginning. The imposition of a State-controlled Agricultural Credit Corporation on a decaying system of Raiffeisen credit societies was not perhaps without parallels of respectable antiquity, though a fusion of the two methods has been more common. What was really original was the Creamery Act of 1928, which transferred most of the rivals of the co-operative creameries and a number of the less efficient co-operative institutions themselves to a State-controlled organisation, the Dairy Disposals Company. Nominally and in intention this was a temporary body existing, as its name implied, to transfer the creameries to the co-operative ownership and management of their suppliers, a process which should have been completed in a maximum period of eight years. In fact, however, the collection of "debt shares", by which the financial side of the process should have been carried out, has been postponed on the grounds of the farmers' inability to contribute, several more co-operative creameries have been gathered into the Company's net, and the Company itself is coming to wear a suggestive air of permanence.

The Danubian countries have organised their wheat monopolies in the form of co-operative societies or public utilities. More recently a grain-regulating board made its appearance in the Argentine.

In 1931, Great Britain, the last country to develop large-scale co-operative marketing, claiming, with a doubtfully judicious pride, the most individualistic farmers in the world, suddenly became a pupil to her own Dominions and passed the Agricultural Marketing Act, a close imitation of the nine year-old Queensland legislation. This move was prompted to some extent by a realisation that the cereal crisis was in fact extending to other branches of production, that drastic measures were needed and, still more, that the farmer, tamed by adversity, was in the mood to accept them. But it can hardly be doubted that, as in Russia

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and possibly America, winds of doctrine were also blowing. The idea that economic individualism means colossal waste and muddle, that it must give way to collective control, and that control must be omnipotent, omniscient and as far as possible impartial, has in the last years been germinal in many minds, expected and unexpected, and the chain of reasoning usually concludes that the necessary power, knowledge and impartiality can only be derived from the State.

The Agricultural Marketing Act did not immediately bear fruit, or rather it bore in its first year merely a slightly perverse harvest of hops. The major branches of British agriculture remained untouched until 1933. Other countries, however, had been going the same way. Norway had found a well equipped co-operative movement inadequate to the strain of a world price level extravagantly at odds with her own carefully maintained standard of living, and had resorted to a measure of State compulsion, so modest, however, as to be almost obscured by the wealth of voluntary co-operative machinery called on to put it into execution. At the end of 1932, this example was followed by Sweden.

The year 1933 opened in anxiety and is closing in alarm. To say that it has been characterised by a rapidly accelerated growth of *distorsion* would be true, but it would be too easy, for the word is convenient rather than exact, and covers phenomena in fact diverse though all present during the year under review. In the first place, there has been in many countries, and for the first time since the early days of Fascism in Italy, attacks of the State upon co-operative independence and power. The revolution in Germany is too recent and too complex an event for the facile analysis of any one of its aspects. It has proclaimed itself anti-capitalist and, so far at least as one element is concerned, this is true in the strictest economic sense. It is against an economic system based on the accumulation of capital, whether

that capital is in the hands of an individual, the State or a co-operative community. It stands for the economic unit of the Middle Ages, the individual peasant, craftsman or shopkeeper. Theory apart, it relied, in its early stages, on middle-class support. Soon after the election of January, 1933, the consumers' movement issued a manifesto stressing the political neutrality of the co-operative movement, the manner in which it embraced all classes in its membership, its inculcation of self-help, and the service which it rendered to the whole community. The new authorities made no response to this plea and there followed several weeks of suspense and sporadic violence. Then on May 15, the newly created "German Workers' Front" assumed control of the consumers' co-operative movement. "This action", it was stated, "is a liquidation, and it implies that further extension will not be permitted, that from now onward all abuses and friction will be removed as quickly as possible, and that, in conjunction with the representatives of private traders, adjustments will be made so as to secure a correct balance." The two national unions (neutral and Catholic) were amalgamated. Democratic machinery was cancelled—"In principal there will be no more voting in any organisation"—but violent attacks on societies were called off. By a later law, societies' power to pay dividend on purchases was severely limited. The agricultural societies, though never falling under the suspicion of "Marxism" and escaping actual violence, have suffered an almost equally drastic reorganisation. The agricultural co-operative movement was placed under the control of the "Agrarian Front", which was soon merged in the Peasant Estate (Bauerliche Selbstverwaltung). "The guiding principle of the reorganisation", it was stated, "is that it will be of extreme simplicity and carried out with the minimum of official apparatus; the elaborate and complicated organisations which have grown up will no longer exist. The peasant is to pay one contribution only, which will

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be moderate . . . and will secure the services of five sections which will deal respectively with (1) human interests, (2) technical problems, (3) agricultural co-operation, (4) commerce and trade in agricultural products, and (5) finance. Each of these organisations is to have a defined field of action, the main lines of which are to be determined by common control at the head. . . . The agricultural press is simplified and henceforth the central organ of the German peasantry will be the *Nationalsozialistische Landpost*."

Complete political revolutions of the German type do not, whatever the hopes of their supporters, occur in more than one country at a time, and the attack on the co-operative movement has developed in milder form in other countries. Great Britain, France, Norway and Austria have all within the year increased the burthen of taxation on co-operative societies. Up till now the law has in most countries recognised that co-operative societies do not in the ordinary sense make profits, and that their funds cannot in equity be subject to the same taxation as applies to the incomes of individuals or of corporations whose object is individual profit. This principle has now been called in question and, temporarily at least, abandoned in several countries. There seems little reason to doubt that the revived influence of the middle class, of the petty trader and manufacturer, which has so strangely accompanied the rising authority of the State, is here responsible for the change in policy. The contrast between these two forces in political philosophy and action is nowhere more remarkable than in Great Britain, where a "penal" tax on the reserves of farmers' co-operative marketing societies accompanies a policy of co-operative marketing on an unparalleled scale, promoted and sustained by the State. In a few countries, such as Austria, other means have been sought to bring co-operative societies to the level and even under the control of private trading bodies.

In the United States, changes have been hardly less fundamental than in Germany, and in the economic sphere more revolutionary, for instead of a political-sentimental return to individualism, there is a universal, if possibly superficial, acceptance of the collectivist principle and the application of every resource of law, administration and propaganda to secure its adoption. The complete logical form of State socialism there is not, but finance and industry that once disported themselves like dragons of the prime are now being broken in to an unheard-of measure of control, while the whole economic creed, or at least so much of it as is publicly professed, has changed with a completeness impossible to a less suggestible public opinion. Curiously enough, however, the Roosevelt program has brought to the agricultural co-operative movement a measure of decontrol. The small American consumers' co-operative movement is struggling for a code "drawn so as to protect the co-operative from other codes", and for the representation of consumers on all code administrations, but agricultural co-operative societies are left to pursue their own functions supported by the fairly generous financial provisions of the Farm Credit Act, and are no longer to undertake the responsibilities of stabilisation corporations and clearing houses. In so far the attitude of Roosevelt to the co-operatives may be compared to that of Lenin, but it would be unwise to push the comparison too far. Compulsory price codes are making their appearance and the Agricultural Adjustment Act not only provides for reduced production compensated out of the proceeds of the now well known processing tax, but for Government purchase of agricultural produce for purposes of price stabilisation and relief. Only this, formerly the most difficult task of co-operation, has now become definitely a national responsibility.

Even more interesting, because international, developments are taking place within the British Empire and that non-political



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extension of it, the so-called Sterling Group. The taxation of co-operative societies has been noted. It is an intense irritant ; it may, in its degree, have political consequences, but it is something apart from the main stream of policy. That is seen in the two great organisation schemes for milk and pigs, in the wheat subsidy, in the proposed schemes for potatoes and eggs, and with especial force in the system of tariffs and quotas which has with extreme rapidity replaced the free trade system of nearly a century. The business of agriculture is becoming collectivised in England as surely and with much less apparent friction than the technique of agriculture in Russia. But in England, bound with a net of international economic relations, strong and delicate as a spider's web, such experiments cannot be carried on and hope to cause no more than the intellectual or emotional disturbances which have been the world's response to collectivisation in Russia. One circumstance relieved the threatened confusion, for organisation met organisation. The Dominions, the Scandinavian countries, the Argentine, all had their measure of co-operative marketing ; more or less perfected schemes intended to stabilise the internal market had appeared in Norway and Sweden earlier than in Great Britain ; in New Zealand and Australia they have followed. International instruments were lacking, but they have been supplied, on the one hand by the Ottawa Agreements, especially on their negative side, and on the other by the more recent trade treaties.

In the broadest terms the Ottawa Agreements lay down that the United Kingdom should create a preference for the agricultural produce, fish, timber, metals and other goods of the Empire, either by the reduction of existing duties or the imposition of new duties, specific or *ad valorem*, on foreign goods. In return, the Dominions give a preference, usually 10 per cent to 20 per cent, *ad valorem*, on certain exports from the United Kingdom. The list of goods so preferred varies greatly from

one Dominion to another. This agreement has two important exceptions. With regard to all dairy and poultry produce, it is laid down that it shall be for three years only, of which two are still to run; afterwards Dominion produce may be subject to a preferential tariff or a quota. There is, further, a provision for the gradual reduction to 65 per cent. of the 1931-32 level of the import into the United Kingdom of certain classes of foreign chilled and frozen meat. While this continues, Australia and New Zealand have agreed to restrict their exports voluntarily to the 1932 level. In June, 1934, however, this particular agreement terminates, and there is every prospect of a quota imposed by the United Kingdom on the export of these Dominions. A Dominion bacon quota is already an accomplished fact, and Canada received her allotted minimum at Ottawa. The Ottawa Agreement was actually confirmed in the Imperial Parliament in November, 1932. The Trade Treaties with the five Scandinavian countries date from the spring of 1933, and are the direct outcome of the agricultural policy of Great Britain. They provide for (a) a minimum quota by weight of fish imports into the United Kingdom, and (b) quotas of agricultural imports, sometimes a specific quantity, sometimes by subsequent negotiation, but in the case of Danish bacon and eggs, not less than 62 per cent. and 38 per cent. respectively of the total permitted foreign imports. Norway has also secured an agreement with regard to cod liver oil, and Iceland with regard to chilled meat. In return, the Scandinavian countries agree to import a proportion of their foreign coal from the United Kingdom (Denmark, 80 per cent.; Iceland, 77 per cent.; Finland, 75 per cent.; Norway, 70 per cent.; Sweden, 47 per cent.). The agreement with the Argentine lays down that there shall be no restriction of imports of Argentine meat into the United Kingdom below 10 per cent. unless Empire and other supplies are also restricted. The United Kingdom also agrees not to increase duties or impose

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quotas on other agricultural produce, including grain, bacon and wool. In return, the Argentine agrees to facilitate the payment of debts in sterling, to maintain purchases of United Kingdom coal and to retain coal and other goods on the free list. What is, however, of peculiar interest and is probably novel in international treaties, is that in the case of Denmark and Finland there are a series of non-governmental, parallel agreements, between Danish and Finnish co-operative bacon factories and dairies and British manufacturers, for the use of British jute wrappers, salt, saltpetre and parchment, at least for such produce as is destined for export to England, while in the case of the Argentine, preferential treatment is accorded by the Government of the United Kingdom to such meat-exporting establishments as are publicly or co-operatively owned. When it is realised that the voice of the British Government in these negotiations has really been the voice of the united agricultural marketing boards, it is difficult to escape the conclusion that either the high contracting parties in these treaties are in fact State-sanctioned co-operative societies, or that the Governments of the day have converted themselves into agricultural merchants on the largest scale.

Looking back on the period since 1928, and more especially on the last year, it seems possible to discern a new world in the making. All the great economic units—the British group, the United States, Russia, Germany, the Scandinavian countries, the Argentine, the wheat producers of the Danube—have committed themselves in some form and in some degree to national planning. To anyone who considers the chaos into which world economy has drifted, such a development may seem inevitable, but it is not without its dangers. National planning is unfortunately not economic only; it can be political or, like the wheat monopolies of even the most peaceful of countries, frankly military. Socialist economics are being applied by Conservative or Nationalist

Governments ; socialists themselves are thinking more on national lines and with less of the old international sweep of vision. As Governments become industrialists and traders, as each strives to make itself independent and self-sufficing, the old struggle for raw materials and markets becomes a public matter, and a greater danger to peace and reason, than when aggrieved traders had to make their pleas effective through a Parliament where minds varied and the tradition of strictly political ideas was still strong.<sup>1</sup>

" I watch with apprehension the growth throughout the world of the idea of national sufficiency. The idea of the totalitarian self-contained state that produces all it requires and admits of no imports is being held up as the new ideal. Often this conception is the product of mere muddled thinking that a non-importing country can still export its surpluses, that it can create a semi-permeable fiscal membrane which will allow goods to pass only in one direction. But even purged of this fallacy the doctrine of national isolation is gaining ground, a doctrine that depends upon an appeal to the emotions and is indifferent to the nicely calculated less or more of trade returns or standards of living. But let us not deceive ourselves ; not only does the denial of external trade mean to that extent a diminution of opportunities for exchange and a lower sum total of divisible wealth in the community, even in so large a society as the United States or a British Empire could be if its constituents were all of one mind, but it entails poverty of the spirit also. Early civilisation grew out of trade, since that was then the only intercourse between peoples of different minds as of different products. Later history shows us how regularly the blossoming of the spirit in this or that nation has followed upon stimulus from outside. A self-contained nation of necessity becomes provincial, suspicious, obsessed by the belief that other people lack the elements of human nature. In so far as the state becomes God, owing no respect to other states or to its own members, lying becomes a duty in order to enhance the national *glorie*—truth and justice become relative only to the supposed well-being of the state. Every nation has its school manuals of history which give a presentation of the facts coloured by the racial or religious persuasion of the writers. But these one-sided versions have in the past been at least unconscious, and from time to time get corrected as the methods of science and scholarship prevail. It has been reserved

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That this has been in part realised is shown by the tentative international planning of the Ottawa Trade Agreements. More ambitious and far less effective was the World Economic and Monetary Conference which shattered itself on the first national plan in its path. In a sense that Conference was premature, urgently as its services were needed, for it was perhaps idle to expect international action till the sponsors of national plans had tried their strength and found their limitations. But, as the Director of the International Labour Office has said, "At a moment when many are disposed to doubt the efficacy of the international institutions which already exist, the inevitability of international action was never so apparent." Greater success attended the International Wheat Conference, where the negotiators were, thanks to co-operation, each in fairly complete control of their own side of the situation and were less distracted by conflicting claims of policy and interest. The Wheat Agreement, covering the present and the forthcoming harvest, introduces for the first time a system of international control over the marketing of wheat. Canada, the United States, Argentina, Australia, Russia and the Danubian countries have each received their quota of the estimated needs of the world; there is provision for the allocation of surplus demand, and the importing countries have agreed not to encourage the extension of wheat acreage, to do what they can to reduce tariffs and import restrictions and to increase the consumption of wheat.

Such being the course of public policy, it is important to

to the last few years to inculcate such distortions as a necessary part of national propaganda, in each country the schools, the press, the wireless are deliberately enjoined to expound the doctrine of a chosen people with an unblemished record. From this cultivation of self-exaltation the step is short to the inculcation of hatred of the foreigner with the inevitable concomitant of war, veiled or open."—Sir Daniel Hall, P. R. S., in the Alexander Pedler Lecture, Cambridge, November 6, 1933.

discover how far the co-operative movements, both of consumers and producers, are meeting the new conditions. The consumers' movements are, on the whole, the best organised for the expression of opinion. In Great Britain much attention has, necessarily perhaps, been deflected from world issues to the attack on co-operative funds in the form of new taxation. There is good hope that this may lead to a sound internal policy of fixed and reduced prices, increased production and lower dividend. National planning has, on the whole, had a bad reception. Planning and collective control are essentially co-operative principles, but tariffs and quotas are equally distasteful to the consumer and the internationalist. Much more unfortunately, the growing sense of kinship with the agricultural producer has withered on the first hint that the producer is to become the privileged ward of the State. The Secretary of the International Co-operative Alliance may write: "It is fatal to any advance towards economic equilibrium if we are to hold that the consumer is entitled under all circumstances to satisfy his needs at the lowest price, which is the acknowledged aim of competitive free trade but scarcely a co-operative ideal. . . . The income of the consumer as a wage or salary earner nearly always depends upon the purchasing power of the producer, and particularly the agricultural producer." But the Co-operative Milk Trade Association cannot give more than a "qualified approval for 12 months" to the national milk marketing scheme.

It is the opportunity and indeed the obligation of the International Co-operative Alliance to take the wider view. The year 1933 should have seen the Fourteenth Congress of the Alliance held in London, but difficulties of politics and finance, of national restrictions and co-operative resources, proved too great. The Congress was postponed, and instead a Special Conference met at Basle in June. It passed two resolutions. The first reaffirmed the position of the co-operative movement itself.

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1. The inflexible determination of the National Organisations constituting the International Co-operative Alliance to maintain, against all opponents, the voluntary and autonomous character of Co-operative Organisation, the essential unity of their International Organisation, and complete liberty to pursue their economic aims by their own methods and under their own control.
2. Peace Amongst Men is the highest aim of civilisation, the tradition and goal of the International Co-operative Alliance and the world-wide Movement it represents, and the fundamental necessity of economic restoration from the world wide depression which afflicts the world today.
3. Solidarity, which implies unity and fraternity in success or in difficulty, imposes itself upon the Co-operators of the world with more insistence than ever before. Today, when in many countries the forces of economic and political reaction are arrayed against the voluntary associations of co-operators, it is incumbent on the rank and file, as it is equally so upon their leaders and their organisations, to stand shoulder to shoulder in defence of their liberty and economic aims, to give each other moral and material support to the limit of the means at their disposal.
4. Intensive Propaganda of Co-operative Principles, and recruitment of new adherents to our Cause, should be initiated and prosecuted, with the utmost vigour, by all National Co-operative Movements, further, they should strengthen their international organisation in every way in order that, by a similar program in the wider field, the influence and force of the National Movements may be systematically communicated to those vital economic problems which can only find solution in international action.
5. The Complete Freedom of every citizen to join in the voluntary association of the Co-operative Movement, the maintenance of which is threatened in some countries by the action of public authorities in forbidding their staffs and employees to become members or accept official positions in the Movement.
6. That as Mis-distribution and Defective Organisation of Production are the main causes of the present paradox of humanity suffering poverty and want in the presence of an over-abundance of resources of nature, the organisation of distribution should be reconstituted on an intelligent and co-operative plan, and that, as it is the incontestable claim of our economic system that it is

capable of adjusting the equilibrium between supply and demand --between production and consumption--it is urgently necessary that Co-operation should further demonstrate its economic efficacy by initiating, without further delay, the international co-operative organisation of those commercial and industrial activities which lend themselves to voluntary co-operative action.

In its second resolution the Conference approached more directly the changing world situation, since it was in the form of a Memorandum to the World Monetary and Economic Conference. As one of those present has written: "In the course of the discussion it soon became apparent that there were two different schools of thought in the assembly: one which wanted the Alliance to present concrete, precise, detailed propositions which would really constitute a serious contribution to the study of the solution of the economic crisis, and the other, which wanted the Alliance to confine itself to a program which would define, somewhat vaguely, the principles of co-operation. . . . It was the second formula which was preferred by the majority."

The effective paragraphs of the Memorandum ran as follows:

The International Co-operative Alliance is of opinion that any effort towards the economic reconstruction of the world, any attempt to overcome the crisis, seems entirely futile if peace is not definitely assured and guaranteed not only for a time and for a part of the world, but for all peoples in a manner that is definite and durable.

The economic crisis, no matter what theories may be advanced to explain it, is characterised by its extent, by its acuteness and its duration. It is unprecedented and is, above all, international and world wide. For an international crisis there can only be international solutions, and these must not be sought in an increase of national palliatives or in an undue furtherance of the national interests.

To restore order in the economic chaos it is absolutely necessary that all nations affected by the crisis should decide to act in common in making use of means to fight against the depression from which they are suffering. Such a concerted and unanimous effort can only take shape and succeed by agreements or conventions, in which each nation renounces certain



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of its sovereign rights for the benefit of the international community as a whole, agreements and conventions without which no common organisation is possible. Every contract is a limitation of liberty, of a part of liberty. An agreement is not international unless, as part of it, national sovereignty itself is restricted

With that object in view, the International Co-operative Alliance demands:

1. Stabilisation of currency with the ultimate object of establishing a world currency placed under international control
2. Final and definite settlement of all intergovernmental debts
3. An endeavour to set up an Economic Organisation for the establishment of prices which will sufficiently remunerate the producer without unduly burdening the consumer
4. The conclusion of an international convention for the abolition of all direct and indirect protection, and the substitution of international solidarity for competition
5. It is also necessary that the International Economic Conference should not lose sight of the necessity of the simultaneous application of the solution adopted.

Amongst the various phenomena revealed by the economic depression there emerges an interdependence which calls for a concomitance of effort, and for simultaneous action

6. Finally, the International Co-operative Alliance recalls that by its nature, its aims, principles and institutions, the International Co-operative Movement holds the full and definite solution to the problem of economic chaos and of the world disequilibrium between consumption and production

As the Secretary has since observed, " It leaves a good deal to be desired, not only as to gaps which it leaves unspanned and depths unplumbed, but also in the clear exposition of the co-operative economic plan, its efficacy as a substitute for capitalism and the practical means by which it can immediately be made of use in solving important world problems." He goes on to suggest that "... the turmoil and difficulties of modern economic life tend to divert the movement into side channels in search of commercial success and the glamour of big business ... " That is perhaps a harsh view. It might be truer to say that

many co-operative movements are still national in outlook ; others, severely common-sense, stick to a policy of practical advance, proceeding step by step ; others have been severely disciplined by their own governments and lack the habit of free and godlike meddling which is so valuable a characteristic of English voluntary institutions ; others again have the characteristically English aversion to abstract and logical thought. The original report from which, by a process of elimination, the actual Memorandum was evolved contained concrete proposals for an international currency, preferably on a gold basis ; the manipulation of a slight rise in prices, an international credit fund and international constructive works ; a tariff truce, reduced national protection, regional tariff unions and international commodity conventions ; international commodity and service groups of a co-operative or public character. In this there was evidently matter for controversy even within the co-operative movement, but it seems a pity that it was not allowed to go forward, if only to be the occasion of intensive study and fruitful discussion within each national co-operative movement.

It is more difficult to distinguish the authentic voice of the agricultural co-operative movements, though their participation, active or passive, in national and international planning has been much the more intimate. The overseas wheat pools, lending their machinery for national stabilisation or international control, the Scandinavian dairy and bacon societies improvising machinery to deal with a transformed English market, or the English requirements societies handling pigs for a national board, have on the whole accepted each step as inevitable and, with varying degrees of satisfaction or protest, adjusted themselves to the new task. International pronouncements are lacking. The special Co-operative Commission attached to the International Commission of Agriculture met in Berlin in May, but made no separate pronouncement.

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The International Commission itself, however, at the invitation of the League of Nations, submitted a Memorandum to the International Monetary and Economic Conference, with which its co-operative members presumably concurred. After stressing the agricultural origins of the crisis, and defining it as consisting in a disparity between the costs of production and the proceeds of sale, the Memorandum makes certain definite proposals which it is interesting to compare both with the consumers' program and with actual events. They are: monetary stabilisation, modification but not reduction of tariffs, quotas and preferential tariffs to replace the most favoured nation clause, the re-establishment of the equilibrium between production and consumption through the reduction by international agreement of acreage and possible stocks and the organisation of international trade through a series of conventions, wheat being the first candidate for attention, the stimulation of demand and the opening of overseas countries to immigration. On the subject of international conventions, the Memorandum observes: "In the case of a profession, like that of agriculture, which is composed of a mass of isolated individuals, the Commission considers that such conventions should be concluded by the Governments themselves after consultation with the competent associations and if possible having recourse to collaboration of these associations for the fulfilment of the agreement. The object of such conventions should be to regulate by products, or groups of products, the export of each country within reasonable limits, in such a way as to allow a reasonable increase in world prices without too far reducing actual exports. As prices rise, tariffs may be lowered, and quotas extended. Each country will then see what measures are necessary for the restriction of production and the elimination of surplus."

Dr. Laur, of the Swiss Peasants Union, the principal author of the Memorandum, returned in an independent survey to the

question of increasing consumption. "At some point in the economic system, a new stimulus must be injected, and this point must be the consumption of the masses of the population, even though capital must make a temporary sacrifice and even if the accumulation of savings is temporarily reduced." And later, he speaks of "increasing the share of peasants, workers and employees in the aggregate economic income at the cost of reducing the share of capital. Here lies the most important method of promoting increased consumption and, thereby, economic revival, which will then of itself increase the share of capital."

From the programs of both producers and consumers there do emerge certain outlines of an international order in which currency shall be stabilised, haphazard tariffs and embargoes give way to a system of allotment based on some allowance for economic needs, and the adjustment of production to consumption shall be the outcome of mutual agreement between producer and consumer and on terms which will benefit both. The outline is vague enough, but not without value when it is realised what an immense diffused public stands behind those from whom these pronouncements have issued.

Is it possible to deduce from the nature of co operation itself a more definite part which it may and should play in the world of national and international plans? "Co operation", said an Austrian writer recently, "is a synthesis of planned and free economy." The sentence deserved more publicity than it received, for it indicated very clearly the unique contribution of the co operative movement. The inherent defect of State planning, apart from its perversion to serve the ends of the less civilised brands of nationalism, is that it is a machine and an untried machine. Co operation is an organism, permeated with the life of its members, responsive to their needs and sentiments. It is an organism which has the prestige of survival. Its obvious

task is to graft this flourishing growth upon the unfruitful stock of State regulation. This has already been done in more countries than one. It does not mean that co-operative societies should seek to merge themselves in State undertakings, but rather the reverse. Russia and Italy have already tried to bring about such a submission and have drawn back, Italy once, Russia it may be twice, if there is anything in the recent modifications in the scheme of collectivisation. America also, it would seem, has recognised that co-operation has a part of its own and should be allowed to play it with a minimum of interference. Then, too, national plans, all new, all untried, may not prove durable, a co-operative movement, in its own interest, must keep its organisation intact, and seek to strengthen it. If a given national or international plan collapse, not only may the co-operative movement well be the only island of stability in a world of flood and storm, but some other plan must inevitably take the place of the one that has failed. The co-operative movement can only look forward to developing within a system of plans of which it aims to control a progressively larger share.

This involves for producers' co-operation not only the perfecting and extension of its own organisation, but vigilance to prevent any official limits being set to that extension and, at the same time, pressure to secure the adoption of the essential co-operative principles in those organisations in which the State is promoter or senior partner. For the consumers' societies there is a much bolder claim to handle the distributive side of the trade in agricultural produce, backed, of course, by real capacity to perform. A merely negative or critical attitude is not enough. State planning must be accepted as inevitable, and no clinging to the facilities of a bygone age must allow the consumers' societies to relinquish the part which they are so obviously required to fill, or to see it fall to the private trader, for whom many plan-enamoured Governments still retain a strange indul-

gence. Such claims on both sides mean a closer relation between the two, and in this connection nothing could be more valuable than the quiet collection of facts and forging of unobtrusive links which has been and is the task of the International Committee for Inter Co-operative Relations. From the earliest days of the "Pioneers" it was realised that unless the co-operative movement could bring production under its sway, its conquest of the economic system would be partial and precarious. Experience has only confirmed that conviction, although it has changed the precise form of its fulfilment.

Co-operation has another contribution to make. The director of the International Labour Office has pointed out that "planning, whether national or international, will fail of its purpose unless it is inspired by social as well as economic aims. The maintenance and improvement of social standards is one of the conditions of a healthy economic organism. Social justice is at the foundation of prosperity and without prosperity there can be no stable peace." Our age is witnessing the extraordinary spectacle of a world fleeing from plenty. It is for the co-operative organisations to show that they can face plenty and that their ideal of social justice is a light by which they can deal out plenty with an even hand so that it neither piles up for want of claimants nor ceases for lack of recompense to those from whose labour it has sprung.

## ENGLAND

In English agricultural history, 1913 will be an outstanding date, comparable in importance with those of the Enclosure Acts and the Wages Boards, it may also be notable in the constitutional history of England as having seen introduced, through the hitherto subordinate Ministry of Agriculture, an extension of political authority and an expansion of governmental functions approximating to the revolutionary practice of the corporative or totalitarian state, and not less revolutionary in effect for being accomplished in characteristically unobtrusive English fashion. The agricultural industry, in the background for so long, has this year come down to the very footlights of the national stage, the department is being raised to full Cabinet rank, it has assumed a position of prime importance in the domestic economy and of such consequence in foreign affairs that not without reason it was referred to as "a kind of junior Foreign Office" by its chief, Mr. Walter Elliot, whose genius for seizing the opportunity has transformed a political stepping-stone into a pedestal and Whitehall Gardens into a ducal palace. Under his leadership this country has finally taken its place in the world of competing nations, vital relations with foreign peoples, essential imports of food, the prices we pay for it and for our own produce, with all their variable influence upon wages and the standard of living, are rapidly coming within the control of his imperium. And this is happening with so little observation that the first cases of legal penalties imposed for selling food below the "prevailing price" have recently passed with the briefest reports and no public comment at all. Yet these cases exemplify a practice

as new to modern England as it was familiar to the English of the ancient guilds, applying to other commodities than labour the Trade Union principle of the minimum wage, and thereby defeating its pretension to be the foundation of a standard of living. The new agricultural policy leaves no illusion of liberal economics. Only in our relations with the Dominions, perhaps only in the Dominions, does this still linger, over the treacherous ground of the Ottawa Agreements, and they are not for long. The Minister of Agriculture will have the farming community of Britain behind him when his time comes to deal with them; they constitute the one serious obstacle in the way of the incorporation of agriculture, always presuming that the retail price level can be satisfactorily managed.<sup>1</sup>

It is within the Empire, in fact, that the new policy is going to raise the most critical problems. After a first refusal to manage in any way their exports of dairy produce to the home market, Australia and New Zealand are now said to be holding back 20 per cent. of present output until March. This may be

<sup>1</sup> As it is the price of imported cheese that largely governs the price to be earned by surplus milk produced on British farms, producers in Great Britain are naturally concerned and look for protection against such overgrowing imports. They realize now that tariffs afford no protection, for the simple reason that fourteen fifteenths of the total cheese imports and fifty-eight per cent. of the total butter imports come from Empire countries free of duty. The only safeguard they can see lies in regulated and restricted imports from both Empire and foreign countries. The figures also seem to give some excuse why their efforts in this connection are primarily directed against New Zealand. Our produce not only dominates the English cheese market and thus affects seriously the surplus milk values, but, for the first time in history, New Zealand butter eclipsed the Danish supply in quantity, the figures for the first six months in 1933 being—New Zealand 1,371,379 cwt. and Denmark 1,274,732 cwt. These are facts and figures which we should keep in mind as they will no doubt be brought in evidence against us at the expiration of the Ottawa Agreement in 1935. *The New Zealand Dairyman*, Nov. 20, 1933.



because the market is saturated,<sup>1</sup> or it may be with the intention of making a joint attack in spring,—an attack which by that time would not be against the “foreigner” only, but against English manufacturers who now have available a large and growing organised supply of milk at 4d. or even 3d. a gallon.

It may be questioned how long a hot-house agricultural policy can be maintained without seriously affecting exports; there is obviously a running conflict between the President of the Board of Trade and the Minister of Agriculture; if it comes to a head, it will bring us to the verge of a political crisis, since Mr. Runciman's membership of the Administration is one of the few remaining claims to the title of a National Government. The economic arguments will turn largely on whether Mr. Elliot's policy, by diverting money now spent abroad (and on shipping) to the purchase of English produce, is in fact raising proportionately the purchasing power of the rural community. His position would be stronger if one could see this extra money being passed on in wages to the agricultural labourer, who would be a good spender if he had the chance, or if land settlement were increasing the rural population along with increased production, but if the extra money received by the farmer is simply being passed on to the banks and his other creditors, and the rural population is reduced by electrical and other mechanisation, Mr. Elliot's demoniac energy will drive not only the appropriate board but all his creatures down a steep place.

The comparative neglect of marketing by voluntary co-operative organisation, its total turnover being only about half that of requirements, was one but not the main reason for resorting to statutory enterprise with compulsory powers; the outstanding reasons for its acceptance by the farmers were three

<sup>1</sup> In Christmas week, Colonial butter (dwarf) was 60s. per cwt. on Tooley Street, and Danish 75s. 10d. (Copenhagen) = 11s. in London.

actual distress and the offer of protectionist control of agricultural imports. Unless this is understood it must seem incredible that the English farmer, reputed to be too individualistic to co-operate, should even in a time of distress submit to a control of his produce that is virtually dictatorial. By any co-operative standard, his present part in a marketing scheme is something less than that of a member of a society; he has no control over the appointed boards which administer schemes in the first year; his one voluntary and democratic action has been to vote for or against their adoption; at the end of the year he can again exercise this choice and, if he so wish, elect his own board, whose authority will still derive from the Minister of Agriculture.

The Minister, through the Board, controls the price at which contracts can be made by or with the participation of the Board; it was assumed that this would be effective, without controlling home production, for commodities whose price is mainly ruled by imports, but experience has already shown that his influence is limited by the tolerance of the uncontrolled consumer. In the case of bacon pigs, it is true, the basic price to the farmer is automatic, depending upon the price of pig feed; it was intended to ensure his cost of production by this means, independently of the price of bacon. The device has failed in its first practice, owing to the consumers' refusal to pay more for English bacon. This does not mean that it cannot be made to work, but it has led to an extraordinary situation. the curers are to be compensated for their loss out of a subsidy which is to be charged to the Pigs Board and collected from the farmers when new contracts are made. This peculiar and precarious position for a farmers' board, partly due to an error of more than 50 per cent. in the estimated number of contract pigs, has brought into relief the price problem common to all the boards.

It was not to be expected that an engine which could have no bench test would run faultlessly on its first road trial, and until

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this testing period for each board is over, it is too early to complain that nothing is being done toward making those real economies in production, processing and marketing, without which any organisation, whether co-operative or corporative, is either an economic illusion or a political imposition. Such small economies in handling as are being made for the producers' benefit under the pigs scheme are not due to any of its provisions, but to the existence of farmers' co-operative societies which are able to act as collecting centres for small producers under the group agency plan, which elsewhere establishes the middleman and makes co-operative organisation more difficult. But it is within the power of the Board to organise the whole of these and other necessary services co-operatively: hence the interest with which one must await the election of a board by the producers themselves. The subsidy which they are going to be asked to provide for the curers may serve to call their attention to powers which include manufacture.

Profiteering is quickly checked when there is no expansion of purchasing power; under a quota system designed to raise prices, however, it is encouraged to take advantage of any improvement in demand. The only safeguard of the board and quota system would be the elimination of the many profit taking junctions in the pig's journey from the sty to the frying-pan. An example of the producers collaborating to provide the complete co-operative route for him, without putting him immediately into the hands of the organised consumers, the only safe alternative route, has been established during the past year. The Herts and Beds Bacon Factory, together with its retail shops, a farmers' co-operative society, has made a financial and trading alliance with the Co-operative Wholesale Society, completely eliminating any outside profit-making; producers and consumers exclusively share the benefits of all economies that are made in production, manufacture and distribution. They share

also whatever future benefits may derive from the board and quota system. If Mr. Elliot wants popular support for his schemes, and he may want it badly, they must achieve this result. The Herts and Beds Factory shows how it can be done. He has said that it may be necessary to ask Parliament for its sanction for "wide and sweeping changes in the economic structure of this country"; it would require no such sensational measures if, instead of subsidising the curers' capitalist factories, he let the Pigs Board take them over (as in Ireland the Dairy Disposals Board took over the proprietary creameries) and convert them into co-operative factories in co-operative connection with the consumers. In one of its branches, at least, the board and quota system would then be beyond criticism.

The Milk Board is doing rather better on the track, though prices are also the rocks on its road. Consumers are paying a penny a pint more in most of the urban districts, twopence more in some villages, while others complain that their former sufficient supplies are unobtainable. As yet there has been no test of the machinery provided for consumers' protection. On the other hand, there is no evidence that the extra penny is being passed back to the producer. His first monthly payments were only satisfactory on the assumption that the alternative to the Board was collapse. After deduction of rail and handling charges of about 2d. per gallon, equalisation between categories and inter-regional compensation, he received on the whole slightly better prices on November account, varying from 11½d. in the West-Midland and Far-Western areas to 12½d. in the London area. The liquid milk consumer is paying 28d. per gallon here for milk that costs 16d.; the highest overhead and distribution costs ascertained by the Commission were 7½d.; the Board could treat both consumer and producer handsomely without putting anybody out of business.

Except in the few areas where they are the decisive factor

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in the milk trade, the retail co-operative societies are now forced to take part in profiteering wherever it exists, since the distributors themselves have the power to fix the local "prevailing price" below which sales are illegal. Neither area nor procedure are specified for the exercise of this important new economic weapon, and its use has been consequently spasmodic and its technique sometimes mysterious. The situation of the co-operative societies is thus a difficult one. Some societies may not be averse to setting a profit on milk against losses in other departments, but the consumers' movement sooner or later is bound to take the lead in demanding cheaper liquid milk and more of it. And the sooner the better for all parties, as by this policy alone can the Board reconcile the interests of producers and consumers. The proportion of milk sold for manufacturing in the first month was only 20 per cent. in October and 18 per cent. in November, when the Board reduced the price for butter and cheese milk from 4d. to 3½d. The foreseeable large increase of supply, even at this low price for manufacturing milk, will not in itself be a dangerous factor in price adjustment, unless the distributors try to maintain their exaggerated margin for a decreasing liquid distribution at high retail prices; this might upset the milk-cart and bring in some of Mr. Elliot's "wide and sweeping changes". Meanwhile English butter, in December, made its first modest appearance on the London wholesale market.

During 1934 several additional boards are expected to come into operation. A Potato Board has been appointed to take a poll and to administer a scheme mainly devised to control prices by limitation of market supplies in time of glut, an influential share in its operation is given to the dealers, its acceptance by the producers is to be anticipated in spite of this and of the many exemptions in it. A Poultry and Eggs Commission has been appointed (including a representative of the National Federation

of Women's Institutes) and is expected to produce a scheme in early spring. Finally, a livestock and meat scheme (including pork) is to follow a livestock census and one or two for fruit and vegetables will complete the incorporation of the agricultural guilds.

The development of better organisation for the handling of farmers' produce on voluntary co-operative lines is bound to be curtailed, with marketing boards with compulsory powers covering the whole country. The schemes do not, as we have seen, offer the same opportunity to the individual producer to influence the actual management of the organisation which is handling his produce, as is the case when the work is undertaken by a local society operating in a restricted area ; his influence can only be exercised in respect of the election of the Area Representative of the Board. It is, therefore, regarded as more than ever necessary that producers should be linked up with a strong national non-trading organisation like the National Farmers' Union, which can watch over the working of the various commodity boards from the standpoint of the interests of the farmers as a whole and see that these interests are duly safeguarded ; for this reason the strengthening and development of his local branch of the Union has become a matter of increasing professional interest to every producer who registers under a marketing scheme.

The Union has not only taken a large measure of work and responsibility in promoting the marketing schemes, it has, besides, taken part in certain developments in the established agricultural co-operative movement which make 1933 a landmark also in co-operative history. Two-thirds of the movement, it may be recalled, consists of requirements societies with a membership of about 40,000 and half as many additional customers ; as only one tenth of their £6,000,000 turnover is in sale of members' produce, their position is not seriously affected by

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the marketing schemes. Their local efficiency in supplying members with requirements has been shown by their progress during the depression, although hampered by the lack of any common action or centre of supply. The National Farmers' Union, which assumed certain of the responsibilities of the Agricultural Organisation Society in 1924, accorded the societies on its register representation on their Co-operation Committee through members co-opted from the societies, until 1930. In that year the question of representation was reviewed and the societies were given direct elected representation on the following basis: 3 representatives of purchase of requirements societies, 2 of dairy societies, 2 of egg and poultry societies, 1 of fruit and vegetable societies, 1 of miscellaneous societies, and 1 of Welsh societies. In the same year a National Conference of societies had formulated for the first time since the breakdown of the A.W.S. the need of a centre for trading purposes. This question was considered by the newly constituted Co-operation Committee of the N.F.U., and in 1931, as an adjunct to this Committee, a Central Committee of Managers of Requirements Societies was formed to act as a centre for focussing the business interests of the societies. In addition to this, in 1933, a permanent Liaison Committee with the C.W.S. was established, on which are four managers of requirements societies from the N.F.U. Co-operation Committee, together with the Chairman of that committee, and members of the C.W.S. Board.

The Committee thus constitutes a link in those closer relations between the agricultural and the consumers' movement which were so firmly advocated, as well as closer relations with the N.F.U., at the 1930 Conference. The Committee is primarily concerned with the question of improving the C.W.S. organisation so far as it affects the agricultural societies, and in connection with this it is possible that a representative of the C.W.S. may in future attend the meetings of the Central Committee of Mana-

gers already referred to. It may be hoped that this means a solution of the long-standing problem of central co-operative supply for the farmers and that it will put the societies in a position to take full advantage of their already very satisfactory geographical position.

This development also conforms with the agricultural policy adopted by the Glasgow Congress of the Co-operative Union and reported here last year. In other respects that policy, though not necessarily rendered inoperative by the marketing schemes, must remain so until the movement has reconsidered its attitude toward them as expressed in a carelessly worded resolution of the Parliamentary Committee, protesting against the Agricultural Marketing Bill, adopted by the 1933 Congress. The marketing boards were therein described as "associations of producers in the interest of private profit", a description which misrepresents the interest of the boards, whose profits must be distributed on the accepted co-operative principle. An amendment moved by the Horace Plunkett Foundation's delegate omitted this description and directed attention to the dangers of the "consolidation of private manufacturing and distributing interests by their organisation in boards exercising statutory powers"—dangers now evident in the bacon scheme and more threatening to the industrial movement than any organisation of farmers for the joint disposal of their produce. Mr Alexander insisted that "the boards constitute a monopolistic private profit system" and the amendment was defeated. The debate, however, showed a better appreciation of the situation than the resolution and brought out other real objections to the schemes; for instance, the fixed minimum price. Inter-co-operation has been waiting upon the organisation of producers. Much will now depend upon the character of the elected representatives of the farmers when they replace the temporary boards; on the other hand, those who formulate the opinion and policy of the organised



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consumers will need to make clear what they mean by "joint control of marketing by producers and consumers", an attractive phrase which obscures the fact that what is frequently intended is collaboration with the private distributors against the producers.

The 1933 Congress was naturally mostly concerned about the attack on co-operative capital made by the withdrawal of income tax exemption in the Finance Act of this year. The co-operative dividend remains exempt as a recognized trade expense, but all surplus put to reserve now bears the tax. This falls particularly heavily on many agricultural societies which have carried forward a loss in the hope of better times, and will now pay a tax on making this good. To put such a severe penalty on the principle of mutuality is hardly consistent in an Administration which is so vigorously seeking to establish that principle among the farmers. The Milk Board has announced its intention of accumulating substantial reserves and is doing so by retaining a part of its common funds, as do the co-operative societies. If the Board does not pay income tax on these "profits", it will evidently be impossible to justify continuing its imposition on the co-operative societies.

## SCOTLAND

BY

C. J. M. CADZOW

OWING to the continuance of abnormally low returns for the principal products of agriculture, Scottish farmers, in common with their neighbours in England, have been compelled to confine outgoings to minimum requirements, with the result that a lower volume of business has been available for everyone. The value of co-operative organisation in hard times would appear, however, to be increasingly realised in view of the continued progress of the movement in Scotland during the past year, and it may be claimed that co-operative societies have not suffered disproportionately to other businesses. Indeed, in certain cases the weight of goods handled by societies has shown a substantial increase from the turnover of the previous year. Societies such as the North Eastern Agricultural Co-operative Society, Ltd., Aberdeen, and Central Farmers', Ltd, Methil, have substantially increased their turnover both in the volume of goods and in money value.

The co-operative marketing of wool is finding favour to an increasing extent in Scotland. It is understood that Scottish Wool Growers, Ltd., is now handling approximately 25 per cent. of the total wool produced in Scotland, and that the society is thus the largest wool broking business in Scotland.

An interesting development in wool marketing encouraged by the society is the grading of black face wool on the farm at the time of shearing. Farmers have been trained by experienced

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graders to distinguish the various grades of wool. The grades are packed separately on the spot and the classes of wool suitable for export are then transported direct to the ship's side, with a consequent saving of expense in handling and repacking at the society's depot.

Scottish Border Farmers', Ltd., Scotland's only co-operative venture for the slaughter and marketing of fat stock, is continuing business on quiet, safe lines pending the arrival of a more remunerative price level for fat stock.

An exhaustive investigation into the present fat-stock marketing system in Scotland has been carried out by the Executive Committee of the S.A.O.S. under their appointment as a Reorganisation Commission and their report is being eagerly awaited by all sections of the farming community.

Another Reorganisation Commission has been appointed recently to examine the problems peculiar to the marketing of eggs and poultry in Scotland, and to draft a scheme or schemes therefore in terms of the Marketing Acts.

Meanwhile the societies in Orkney, trading largely in eggs, appear to be in a prosperous condition. Poultry keeping in these islands has enabled the natives to weather the storms of recent years perhaps more satisfactorily than is probably the case in other parts of Scotland.

The co-operatively minded Aberdonian farmer has also received great service from his society, Aberdeenshire Egg Producers, Ltd. — a business which continues to show most satisfactory results.

Among more recent ventures, the Caithness Egg Marketing Society promises well and producers in this northerly part of Scotland have, as a result, been enabled to participate in the better markets of the more densely populated parts of the country.

A notable development in the Hebrides is the establishment of Lewis Egg Producers, Ltd., Stornoway. The progress of this

society will be watched with interest by all concerned in the hope that Lewis may emulate what has been done in Orkney through the medium of co-operation.

Growers of potatoes in Scotland and England have now jointly put forward a Potato Marketing Scheme for Great Britain designed to stabilise the returns obtainable from a crop which has, in past years, been largely in the nature of a gamble. The scheme, which at the time of writing has just passed its Parliamentary stage, will be voted on by the growers early in 1934, and if successful at the poll, it will come into operation before the last of the 1933 crop has been marketed.

In July raspberry-growers were invited to approve the Scottish Raspberry Marketing Scheme. But in view of the remunerative level of prices obtained for the 1932 crop and for forward sales of this year's fruit, the opposition, instigated primarily by merchant-growers and jam manufacturers, was successful in bringing about the rejection of the scheme.

The previous *Year Book* contained an outline of the Scottish Milk Marketing Scheme which has now been brought into operation after a somewhat lengthy period of criticism during its passage through the various stages prescribed by the Act. In its final form, the scheme does not differ materially from its original state. The short period during which it has been in operation has been sufficient to show that the scheme on broad lines is thoroughly practical. As was intended, the scheme came into operation with the least possible disturbance to existing conditions.

Sixteen of the farmers' co-operative dairy associations within the area of the scheme have availed themselves of the terms offered by the Scottish Milk Marketing Board for the purchase of their creameries, and the Board are thus favourably situated for the disposal and manufacture of milk surplus to the requirements of the liquid market. During the interval which elapsed between the approval of the scheme by Parliament and the poll,

the Board entered into agreements with representative committees of distributors and manufacturers for the establishment of price-fixing arrangements in the event of the scheme coming into operation. When the scheme came into full operation on December 1, 1933, the machinery set up under these agreements was working smoothly, with prices for all grades and classes of milk agreed on. There can be little doubt that the Board's policy of seeking agreements with the distributive trade has been a great reassurance to interests who were formerly opposed to the scheme.

Under the Pigs and Bacon Marketing Schemes, an extension of the industry is likely to result. Further schemes applicable to certain parts of Scotland are now in course of preparation. Milk producers in Aberdeen and Kincardine have promoted a scheme for these counties to replace the existing Aberdeen Milk Agency. Milk-marketing schemes are also in draft for Moray and Banff and that part of Scotland from Inverness northwards. These schemes, if accepted by producers at the polls, will bring the marketing of milk in these areas into line with methods now in operation in England and Southern Scotland. There are thus likely to be four milk-marketing schemes in Scotland, and it may eventually be found desirable that the schemes should be merged into one.

"Hit and miss" methods of marketing have been the cause of much loss to farmers in past years. The Agricultural Marketing Acts of 1931 and 1933 have brought it within the power of the producer to introduce methods whereby this loss may be largely eliminated. The great need is for organisation which will enable producers collectively to obtain information from which they may plan not only their marketing, but also their production. It is hoped that judicious use of the powers conferred on producers by the Agricultural Marketing Acts will lead to the introduction of more satisfactory outlets for the farm produce of this country.

# IRELAND

BY

H. F. NORMAN

## THE IRISH FREE STATE

No marked change in pace has distinguished the movement, started forty-four years ago, during 1932-33. Pending the publication of the report of the I.A.O.S. for that year, final data covering 1932 are not available, but it can be said with certainty that the rate at which the movement proceeded has not been slowed down in spite of the continuance of agricultural depression and the dairy farmers' large share in it. A total trade turnover of £6,020,483 is disclosed from societies' balance sheets, and cautious supplementary estimates for the trading, whose figures cannot now be checked, bring up the probable full total to £6,595,483 for 1932, in which is included the year's business for the Irish Agricultural Wholesale Society and a small sum representing loans repaid by credit societies to the Department of Agriculture. It is not without interest that this brings the figures over £50,000 above what they had reached in 1931. Of this sum, more than 4½ millions represents the trading of the dairying societies, close on 4 millions of this being butter, cheese, and milk sales, and nearly half a million agricultural goods. Another million, approximately, represents agricultural sales in the co-operative agricultural societies. Sales by other societies, including the Wholesale, make up nearly another million. There is an increase of around £100,000 in values for the trade in agri-

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cultural societies, together with the similar (non-dairying) trade in creameries. The businesses of the larger agricultural societies (e.g. Templecrone) and of the bacon and meat marketing societies (Irish Co-operative Meat, Ltd., the Cork Abattoir, the Roscrea and Wexford Societies), as well as the North Kilkenny Poultry Society, continue to develop. These and also certain creameries (Lombardstown and Kantoher) place a very valuable trading service at the disposal of their members.

The decrease in butter values (under £100,000) can be best assessed if viewed against the background of the Free State creamery butter exports, which for 1931 and 1932 were £1,496,291 and £1,172,796 respectively, and, also, if these exports are measured quantitatively, those for 1931 being heavier than the later year, i.e. 264,034 cwt. and 246,036 cwt. respectively. Two facts are discernible in a comparison of the relevant figures. It is evident that a larger proportion of the butter made in the co-operative creameries in 1932 was marketed in the Irish Free State than had been sold there in the preceding years. It is also clear that a relatively higher price was obtained for it. The export prices for creamery butter in the two years were 11s 4d and 9s 4d respectively. The 1932 price to the creameries here examined was considerably above the export price, and probably a fraction of a penny per pound higher than the 1931 make. This resulted largely from the expedients adopted by the Department of Agriculture to make butter-making a paying undertaking for farmers. To this end the duties levied by the British Government were offset partly by a subsidy and partly by a bounty - the former being a charge upon the income of the State, the latter, as in the Australian "Patterson plan", obtained through a levy on the butter supply, repaid on butter exported. These methods, however, would scarcely have proved so effective, but that co-operative dairying is so securely stabilised, the product so uniform and the system as a whole so efficiently carried out.

A proof of the well-established position of Irish butter, maintained in the face of the trading difficulties of the period, is seen in the fact that for the years 1931-32 and 1932-33 (the June period in each case) Irish butter stands in Messrs. Weddel & Co's. Trade Report as higher than New Zealand, Australian, Argentine and Siberian (in that order) and second only to Danish. There was also an increased export of Irish milk and cream; but what is perhaps of more importance for the future of Irish co-operative dairying, is the recent development of Irish-made cheese, in which experiments had been made for some time. Process cheeses are being made by Mitchelstown Creamery in considerable quantity and a few others find a ready sale, although hitherto little cheese has been eaten here and virtually all of it was imported.

A new development in rural co-operation took place in 1933. Peat, or "turf" as we call it in Ireland, has always been in use to supplement coal as domestic fuel, in some cases (but mainly in the countryside where bogs abound) in substitution for coal. A large-scale experiment is now in operation under Government aegis for its use as power fuel and a wider utilisation of it in the household. At the request of the Department of Agriculture, the I.A.O.S. have undertaken the organisation of turf societies, and, as many of the municipalities have made its use compulsory whenever the conditions are suitable, considerable business has resulted. Over twenty societies have been formed, mainly in the western counties, from Mayo to Kerry, and in the vicinity of the largest of the turf regions, the Bog of Allen, Co. Kildare.

Another evidence of vitality in the movement is the inception (again through the I.A.O.S.) of co-operative tobacco-growing. Two societies, covering, each of them, all the grower members within a province, have already been formed, one for Munster and one (though it takes its name from the County of Meath only) for Leinster. Co-operation in tobacco-growing is not a new venture. The late Lt.-Col. Sir Nugent Everard, once



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President of the I.A.O.S., gave a large part of his attention to a similar project, and whilst the present experiment is too young as yet for prophecy as to its ultimate results, it will be watched with friendly interest by those who remember the earlier pioneering effort.

Attention has been given by the *Year Book* in previous articles to the long-anticipated legislation, by many held to be overdue, for whose enactment the movement is waiting. New developments in the political, agricultural and industrial spheres have postponed the introduction of a Co-operative Bill under several successive Ministries. There seems reason, however, at the time of writing, to expect that 1934 will see a measure proposed in the Oireachtas whose objectives will be the strengthening of those powers of supervision and control which farmers' societies need now and many of their members desire. Education has not yet been fully concentrated on rural requirements, and therefore, to offset a townward bias, almost inevitable from its city-devised organisation, the training of rural democracy to carry on its business under conditions comparable with those which give urban interests a too preponderant sway is one of the greatest of the nation's needs. No machinery of equal potential with the co-operative movement exists, as those know best who have seen the economic democracy of the societies' committees at work. But they have still a good deal to learn as to evolve from their circumstances the full results which a control of the farming industry places within their reach. The framework of existing legislation, borrowed from urban Britain, is in several ways unsuited to the Irish countryside, and if, in adapting old forms of co-operative association to the new conditions of today, the prospective legislation brings into closer and more fruitful relation the organisation movement, the State and the societies themselves, there should result a finer channeling of the energies and intelligence of the people who have made

and directed the movement in the past, without, it is to be hoped, a loss of initiative or of democratic direction. To give legislation of the kind here envisaged "the compulsion of attraction", it is hoped that recognition will be paid to the fact that these societies' trading is carried on "for use", not for the exploitation of any extraneous interest, and that, as co-operators cannot make profits out of themselves, they will retain that immunity from income tax on so-called "profits", the abolition of which would defeat any effort of the State to bring into closer relation with it an agency of social and economic activity which is an unexhausted reservoir of potential national service.

#### NORTHERN IRELAND

The work of the Ulster Agricultural Organisation Society ran smoothly during 1933 on the accustomed lines. The business of the dairying societies continued steady, though it was curbed, as was similar business throughout these islands, by low prices paid for butter, consequent partly on reduced incomes on the part of consumers but, more markedly, by competition in Great Britain caused by the ever-expanding imports of butter from Scandinavia, the Baltic countries and the Dominions—especially Australia and New Zealand. The cumulative effect of the work of the Butter Prices Committee of Northern Ireland was seen in the fact that the turnover of the co-operative creameries was absorbed by the firms adhering to it and by the Belfast Co-operative Society, and in the success of the effort to find in Northern Ireland a market for Northern Ireland butter, much of which in earlier years had to fight each returning year for a place upon the British market. The "Six Counties Butter" brand, and the scheme attached to it, assured consumers dealing in this special high-class butter of results accordant with its sustained claim to excellence, and one result was seen in a differentiation in price in favour of these butters, an appreciated wholesale

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price of 2s. per cwt. having ruled over virtually the whole of the butter season.

The year 1933 has witnessed a new and interesting development in Northern co-operation, of which there is reason to hope more will be heard in the near future. Valuable and in fact indispensable as the co-operative method of dairying is in Northern Ireland, farmers are receiving on average probably less than 4d. a gallon for their milk, which at present cost of production obviously does not pay. But that inroads on capital and the products of their farms serve as stop-gaps, they could scarcely continue to carry on. Probably the most efficient stop-gap is the pig, and so the decision of Great Britain to adopt pig- and bacon-marketing schemes was at first eagerly supported in Northern Ireland. The immediate results were discouraging. The anticipated hopes of 5s. 6d. per cwt. live weight were rudely dashed by an immediate glut. When, however, this had passed over and it became clear that the standard price was to be made available up to February 28, with some prospect of a continuance on improved prices thereafter, hope revived, and at the date of this writing the British scheme, modified somewhat to suit local conditions, is being followed up with a considerable measure of energetic if cautious avidity. There are still difficulties. The quota of 200,000 pigs allotted to the Six Counties for the months November to February inclusive was held to be insufficient to cover the demand for that portion of the total supply (120,000) hypothecated through the scheme to dead meat. It was agreed that 10,000 more pigs might be taken from the live supply, reducing that from 80,000 to 70,000. But the question of the best agency for handling the latter had to be worked out, and the proposal that the existing machinery of the co-operative movement, with the Ulster Agricultural Organisation Society as motive power, should be turned on to the job, was put forward and adopted. The U.A.O.S. was willing and indeed anxious to help, its staff,

already in close contact with producers and having had previous knowledge of such organisation, and with three societies for pig and cattle marketing already in existence, took up the proposal energetically, and three societies have been initiated, with every prospect that three or four more will follow them. This is, perhaps, as much as can be expected in the immediate future if convenient areas from which pigs can be drawn, say four to a county, are followed; since not every region is necessarily suited for the scheme or prepared to participate in the quota.

One new organiser has been added to the U.A.O.S., and it is anticipated that the work can be speedily and proficiently accomplished, but as the local business must be autonomously run, this proficiency must extend to the regional managers. To secure the best type of manager and pay him attractively on a small turnover may be difficult, and one proposal we heard discussed seems well worth considering. It is that the basis of the newly formed associations should not be restricted solely to pig marketing. Where existing local agricultural societies, or perhaps creameries or other societies, cover the ground to be included, or can be easily extended to do so, there is at least a *prima facie* case for putting this method before the pig breeders. Indeed, there are many reasons why it may be argued that this is their safest plan. It is the experience of the I.A.O.S., as well as of the U.A.O.S., that an *ad hoc* association, with its sporadic objectives and often temporary outlook, forms an unsatisfactory co-operative unit. If in process of time it effects its purpose and passes out, a feeling is left that it has failed. Many useful credit societies have left behind them thus the undeserved legacy of a doubtful reputation. There is, too, a more fundamental point: the farmers' business is notoriously an affair of trial and error. One year butter-making pays, but pigs are a loss. Next year the pinching shoe is exchanged. What farmers need is a type of association definite enough to provide the structure of a permanent shelter and

flexible enough to be transferred to the branch of the industry most fiercely blown upon—now cattle or pigs, now wheat or beet, now eggs or wool. Clearly, marketing schemes must take count of the varying fortunes of the farm.

Next summer, Northern Ireland proposes to adopt or at least to try out the machinery for milk marketing now at work in Great Britain. A potato-marketing scheme will probably precede or follow this. Whilst not all the human material of one of these schemes will necessarily participate in all the others, it should not lie outside the scope of the co-operative movement to provide a framework wide enough to bring all the farmers' business inside a common and agreed control. Otherwise the reliefs afforded from slump prices will be merely temporary. The work so far done on the pig-marketing scheme justifies the conclusion that farmers working associationally can take advantage of a policy which, whatever its merits or prospects, would be wholly futile if left to the purely isolated acceptance of the unorganised and isolated individual. To fit the U.A.O.S. to work into so wide an ambit, more funds would be necessary. These would, no doubt, be provided in part under the Agricultural Marketing Act, through the various boards, and if more were needed, as seems clear, there are the associations themselves and a friendly Government, with a new Minister of Agriculture from whom much is expected in Northern Ireland, and new officials in the Department of Agriculture, whose informed knowledge of the valuable work done in the co-operative movement is neither new nor superficial.

## CANADA

BY

J. T. HULL, *Secretary Manitoba Co-operative Conference*

ACCORDING to the survey of economic conditions published by the League of Nations in 1932, the domestic price of wheat in Canada in January, 1932 (in United States cents), was 51 cents a bushel, compared with \$1.20 a bushel in January, 1929 (*World Economic Survey*, 1931 32, p. 137). The lowest price in the table is for Argentina—44 cents in January, 1932, compared with \$1.13 in January, 1929, but for both countries the decline was 69 cents a bushel, and in these two countries the price was apparently the lowest in the world.

But those figures only begin to tell the tale for Canada. In December, 1932, the price of Canada's best wheat, which many claim to be the finest in the world, fell to 38 cents a bushel at Fort William, which for many thousands of western farmers meant about 20 cents a bushel on the farm, and for the bulk of the marketed wheat about 15 cents a bushel on the farm. From the most reliable experiments and investigations it costs, according to the locality, anywhere from 65 to 90 cents to produce a bushel of wheat on the Canadian prairies, and the decline in the price of wheat below 90 cents a bushel at the market may be taken as the standard of reference for estimating the effect of the economic depression upon Western Canadian agriculture. Wheat, however, is only one of the factors in the case, albeit the major factor; the general decline in agricultural prices has brought the mixed farmer and the livestock farmer to the same condition

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as the grain-grower, and the result has been one in which it has been necessary for the government to intervene to save the bulk of the farmers from both dispossession and destitution.

If the year 1928 be taken as a starting point, data published by the Dominion Bureau of Statistics show that the decline in the gross agricultural revenue of the three provinces as between that year and 1932 amounts to \$309,415,000. This is a loss of 67½ per cent. in gross income, or an income of about 33 cents in 1932 for every dollar of income in 1928.

The cumulative loss to the farmers in these provinces in that period reaches the staggering total of \$1,714,613,000. This sum exceeds the total rural municipal tax assessment of the three provinces and is nearly 70 per cent. of the capital value of all farm property in the provinces as given in the Dominion census of 1930, and, in fact, there is much ground for believing that it is in excess of the present capital value. Out of that sum the total bonded indebtedness of the three prairie governments and the total bonded indebtedness of all the municipalities of the provinces could be paid off and enough be left over to finance the provincial governments for the next twenty years.

That this loss is not due to decreased production is shown by the record of yield, prices and values also published by the Dominion Bureau of Statistics. With 1926 = 100, the figures for 1932 are:

		<i>Price</i>	<i>Yield</i>	<i>Value</i>
Manitoba	. . . .	111	79.3	88.9
Saskatchewan	. . . .	128	53.1	67.9
Alberta	. . . .	113	131.7	148.4

As the declining farm income has failed to cover maintenance, operating costs and living expenses, debts have substantially increased, taxes are unpaid, and farm equipment has seriously depreciated. It has been estimated that from 15 to 25 per cent.

of occupying owners of farms are burdened with an indebtedness far above the income earning capacity of their farms.

In these circumstances special legislation has been passed in all three provinces creating Debt Adjustment Boards and these boards have been given power to intervene between creditors and debtors to prevent the adoption of extreme, even if legal, measures to enforce payment of debts. These boards, however, can only stay legal proceedings and compel some kind of a temporary accommodation. They cannot amend contracts, and consequently although a farmer debtor may be, for the time being, protected against foreclosure or legal proceedings by a creditor to enforce payment of a debt, he is not protected against an impossible debt nor against the accumulation of arrears of payments, nor yet against the effect of accumulated arrears of taxes. The burden of actual debt, therefore, is steadily growing, and at the old rates, and unless the future sees a substantial increase in agricultural prices and the restoration of farm income to the money equivalent of the contracted debts, Western Canada is faced with either unprecedented foreclosures on farm property or the legal scaling down of farm debts. It is difficult to see how foreclosure would improve the situation for creditors, because they would certainly be compelled to write down the value of the property, but it might result in many owners becoming tenants and thus in the concentration of land-owning in the western provinces. This would be a somewhat dismal outcome for a country which only a few short years ago was inviting all and sundry to come and take up a free homestead of 160 acres of virgin land.

Conditions in the west due to economic causes have been aggravated by the ravages of drought and of insect pests. In certain areas there has been no crop for three years. The crop of 1931 was below average except in Alberta, where it was above average, the total wheat production being 301,000,000 bushels.



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In 1932, despite failures in some parts, the crop exceeded 408,000,000, but the current crop is the smallest the west has experienced since 1924, being in the neighbourhood of 264,000,000 bushels. In these circumstances it has been necessary for the public authorities to organise relief for the sections suffering from repeated crop failures, the cost being borne jointly by the provincial and dominion authorities.

In the midst of these distressing events the agricultural co-operatives have had their share of troubles, but also, fortunately, of success. In the *Year Book* for 1932 I outlined the disastrous effect of the economic crisis and the precipitate decline of prices upon the Wheat Pools, the suspension of the pooling method of marketing grain, and the saving of the elevator systems of the Pools by the aid of the provincial and dominion governments. The provincial Pools have continued as co-operative elevator companies, selling the grain of their members through the ordinary trade channels and following faithfully co-operative methods as far as possible within the only system of marketing available to them. Each of the Pools has a seat on the Winnipeg Grain Exchange, and the Alberta Pool also sells through the Calgary and Vancouver exchanges. There are difficulties in the way of strictly carrying out co-operative principles and observing at the same time the rules and regulations of the grain exchanges, but so far no serious overt clash has occurred. Perhaps none will occur because in the trade there is more of a desire to be on friendly terms with the co-operatives than there was a few years ago.

The last contract of the Saskatchewan Pool expired in July this year and of course is not being renewed, but it is worth noting that the two five-year contracts of that organisation brought in 103,858 members. Some day the hundred-odd thousand may stage a come-back! In the meantime the elevator system remains the largest grain-handling co-operative in the

world, owning and operating 1,067 country elevators with a capacity of 35,900,000 bushels and operating five terminal elevators, four owned and one leased, with a combined capacity of 24,900,000 bushels. This year the Pool bought out the Saskatchewan elevators of United Grain Growers, paying \$110,000 for fifteen elevators. This year 87,381,764 bushels of grain were handled by Pool elevators as compared with 54,672,705 bushels last year, and in addition the Pool received shipments direct to its terminals from farmers, over grain-loading platforms, of 3,988,281 bushels, as compared with 1,999,163 bushels last year. A voluntary pooling system operated by the elevator system handled 6,504,169 bushels of wheat as compared with 1,082,054 bushels last year.

A notable event in the year's business was the paying of the final instalment on the purchase of the Saskatchewan Co-operative Elevator Company made in 1926. The purchase price was \$11,061,269, of which \$8,969,704 accrued to the shareholders and \$2,091,565 to the provincial government as mortgagee. The final payment, aggregating \$2,085,065, was made in August.

In March, 1933, the agreement between the provincial government and the Pool with regard to the overpayment on the 1929 crop (see 1932 *Year Book*, p. 142) was completed. The amount guaranteed by the provincial government was \$13,752,000, of which \$67,885 had been paid by the Pool. The remainder, \$13,684,115, is to be repaid in nineteen equal annual payments with interest at 5 per cent. This year the Pool paid \$1,128,589, principal and interest. These payments—to the provincial government on account of the overpayment of 1929, on the purchase of the Saskatchewan Co-operative Elevator Company, and the purchase of the elevators of United Grain Growers—totalling \$3,323,654, all made in one year, indicate the exceptionally good financial condition of this great co-operative system. The total net earnings of the Pool since its beginning in 1924

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exceed \$23,000,000. The equity of the shareholders now stands at \$8,585,583.

The Alberta Pool also had a good year, handling 46,197,296 bushels of grain as compared with 40,038,198 in 1931-32. The Alberta Pool owns and operates 440 country elevators with a total capacity of 16,700,000 bushels, and operates three terminal elevators—one in Vancouver, capacity 5½ million bushels, which it owns; one in Prince Rupert, capacity 1½ million bushels; and one in Victoria, capacity 1 million bushels, the latter two being leased. Direct shipments to terminals, in addition to above, were 2,193,364 bushels (in preceding year, 1,553,483).

The amount owed by the Alberta Pool to the Alberta Government on account of the 1929 overpayment is \$5,600,000, but despite this indebtedness the Pool members have an equity in the organisation of \$4,000,000. The net earnings of the Pool for 1932-33 were \$997,948, and after allowing for payment to the government on the 1929 over-payment guarantee and full depreciation totalling \$818,894, the sum of \$179,054 was added to reserves. The debt to the government is amortised in a series of twenty-one bonds due on September 1st each year. The first was redeemed on due date last year and the second in the same manner this year, the latter payment totalling \$452,950.

Manitoba Pool elevator system, the smallest of the three, unlike the systems of Saskatchewan and Alberta, was organised on a federal basis, that is, it was a federation of autonomous locally incorporated co-operative elevator associations, the systems of Saskatchewan and Alberta being unitary and centrally organised. The Manitoba system was avowedly an experiment designed essentially to give local responsibility and through that responsibility to promote local co-operative activity. Whatever may be said for the system in those particular respects, the strain of the last few years has shown it to possess weaknesses from the financial and administrative standpoint, and

more especially in connection with meeting the obligation resting upon the whole organisation for the repayment of the government guarantee with respect to the overpayment on the 1929 crop. At the annual meeting of the Pool in 1932 the directors submitted proposals for changing from the individual unit form to a collective operating form involving a pooling of the resources of the system to meet the situation. It says much for the co-operative spirit within the organisation that the proposal was adopted, the strong local units thus joining to help out the weak units. An agreement was drawn up supplementary to the agreement between the Pool, the elevator system, the local associations and the government, and for a period of five years at least Manitoba Pool Elevators will operate practically as a unitary system, although the actual agreement, while consolidating the units for financial and some administrative purposes, reserves the local autonomy which was the distinguishing feature of the Manitoba system, in all other respects.

The Manitoba Pool is composed of 149 local co-operative elevator associations which last year operated 152 elevators and handled 12,538,421 bushels of grain, as compared with 7,985,656 for the crop year 1931-32. In addition 1,278,113 bushels were shipped directly to Manitoba Pool terminal at the head of the lakes. Financially, 1931-32, owing to poor crops, imposed a strain on the organisation, but the crop of 1932-33 enabled it to meet all current obligations and meet some of the deficits incurred in the preceding year. The obligation to the provincial government on account of the 1929 overpayment was not all met in 1932, but a net surplus of \$300,824 for 1932-33 enabled the Pool to meet all of the current indebtedness to the government together with a substantial amount of the arrears. Altogether the sum of \$250,222 was set aside to meet the government account. Two years ago the provincial government loaned the Pool the sum of \$300,000 for working capital and thus

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loan was renewed last year and also for the current year, thus enabling the Pool gradually to build up its own working capital. In this connection it should be stated that the Dominion Government has also assisted the Pools in a financial way since the great crash by guaranteeing loans from the banks for operating purposes, although looking back over the period one has to conclude that the guarantee was never necessary. From 1930 onwards, however, the banks have been exceedingly timorous and have reached out for all the security available, and perhaps they were no more certain of themselves than they were of borrowers!

All three of the Pool elevator systems operate a voluntary or optional pooling system alongside of their ordinary trading operations, and in Alberta 5,461,569 bushels were handled on the pooling method, 6,504,169 bushels in Saskatchewan and 615,970 bushels in Manitoba for the crop year 1932-33. The initial payment of the Pool—35 cents a bushel for the highest grade, basis Fort William—was guaranteed by the Dominion Government. The voluntary pools have been continued for the 1933-34 crop, but the necessarily low initial payment makes it impossible for the bulk of even the most ardent of the believers in the pooling system to market their wheat in that manner.

Altogether the three Wheat Pools of the prairie provinces have fully justified the faith the governing authorities put in them as co-operative organisations when they stood between them and dissolution and finally guaranteed repayment to the banks of the overpayment of 1929. The co-operative elevator systems have withstood the tremendous strain of the last three years in a manner which has earned much public commendation and there is no doubt that given a chance through a rise in prices and the restoration of international trade they will meet all their financial obligations and continue to be the dominant grain-handling institutions of Western Canada.

Since the suspension of the pooling method of grain marketing the Central Selling Agency of the Pools has received no more wheat, but the organisation had to be continued because of the stocks of grain it held. During the last two years the organisation has been utilised by the Dominion Government as an agency to stabilise prices on the Winnipeg Grain Exchange, and, while in the period prices went to an unprecedented low level, it may reasonably be maintained that they would probably have gone even lower or have remained for a longer period at the extremely low level if there had been no stabilising operations. The Agency is still operating and it is not improbable that it may come into greater use if some national marketing policy is deemed advisable in order to carry out the terms of the World Wheat Agreement.

Although the World Wheat Conference of 1933 was called by the Economic Section of the League of Nations, suggestions for a world conference were made to the Canadian Government by the western Wheat Pools in the fall of 1932, and the premiers of the prairie provinces also urged the calling of a conference upon the Dominion Government. On October 11, 1932, a meeting of representatives of the governments of Manitoba, Saskatchewan and Alberta and the three Wheat Pool organisations was held in Winnipeg and this meeting adopted unanimously and forwarded to Rt. Hon. R. B. Bennett, Prime Minister of Canada, the following resolution :

Whereas for the past two years the prices for our principal agricultural product wheat have continued at levels disastrous to the ability of agriculture to carry on, and equally disastrous to the industrial and commercial interests which depend upon the purchasing power of agriculture ; and

Whereas we believe that an improvement in commodity prices is essential to economic recovery, and further that wheat is the chief commodity to be considered in the matter of prices ; and

Whereas we believe much can be accomplished by a conference of the governments and producers of the chief exporting countries ;

Now, therefore, we request the government of Canada to convene such a conference with a view to establishing such measures of international co-ordination as may be deemed necessary or advisable in the best interests of these countries.

While the premiers of Western Canada and the Wheat Pools have thus some responsibility for the calling of the Wheat Conference, owing to the publicity given this resolution and the support given to the idea of an international conference in other wheat-growing countries, it has to be said that there is a not inconsiderable body of opinion in the prairie provinces which is fearful of the effect of the agreement on western agriculture and of any reduction of wheat production on the general economic structure of the west. The transportation interests, rail and water, the general body of the grain trade, and other interests linked with the marketing of grain, do not look kindly upon reduction of the volume of grain, and many farmers look just as unkindly upon the suggestion that they are producing too much, especially when they know of the great mass of people throughout the world who are subsisting on public relief and when low prices impel them to seek compensation in greater production.

The statistics of the wheat situation, however, are overwhelming and impelling in their significance and it is generally recognised that reduction of supply must be undertaken even though it be limited as an expedient to the time needed to reduce the world surplus. How is this to be done? Reduction of acreage does not appeal to the farmer because he never knows what the yield is going to be. The plan which has found favour in Western Canada, put simply, is the carrying of the principle of the quota back to the farm, that is, that the national quota

set by the agreement should be divided among the provinces on the basis of each province's wheat marketing over a given period of years, and that the provincial quota be distributed in such manner that each farmer will be allotted a quota of delivery proportionate to the whole on the basis of his deliveries over the same period.

The grain-handling system of Western Canada makes the application of such a plan comparatively easy and the advantage of the plan, as seen by the farmer, is that it does not compel him to take the risk of reducing acreage but does prevent him marketing more than his share of the quota. If he has more wheat than he is permitted to sell he may feed it or keep it. This plan has been unanimously approved by the Pool annual meetings of Manitoba and Saskatchewan and will doubtless receive similar approval in Alberta.

So much for the mechanics of the quota, but Western Canadian farmers are looking at the agreement as a whole and are not forgetting that it calls for international efforts to raise the price of wheat. Nor are they blind to the contingency that if the wheat be sold by the open-market method there is the danger that a higher level of prices may accrue to the dealers after the grain has left the farms. These considerations have prompted the demand that the nations signatory to the agreement shall at once take concerted steps to raise the price of wheat and that the marketing of Canadian wheat shall be in the hands of a national marketing agency operating in a manner similar to the Wheat Board of 1919-20.

It may thus be said that the western wheat-grower is heartily in favour of dealing with the world problem of wheat in an internationally co-operative way, but he insists that when the nations enter into a mutually binding agreement they shall carry out the agreement to the full, observing not only the letter but the spirit of it. The spirit of the International Wheat Agree-



ment is certainly the economic rehabilitation of agriculture so far as it is dependent on wheat and the agreement cannot achieve its purpose if it be carried out in a half-hearted or partial manner.

The low prices for all products of the farm has naturally created difficulties for all of the co-operative marketing organisations and has necessitated much careful adjustment in financing and administration. Through their central selling agency—the Canadian Poultry Pool—the egg and poultry Pools in the 1932 Christmas season invaded the British market with a million pounds of dressed poultry and came out in a satisfactory manner, the amount realised being somewhat in excess of what would have been realised in the domestic market. The comment of English buyers of Canadian turkeys was very gratifying, but the export market on the whole was not remunerative. The Pools had the largest handle of poultry in their history in 1932 and it is incontrovertible that they secured for their members 2 or 3 cents a pound above the open market rate. In the egg market with eggs at given-away prices the Pools have to be credited with an influence which prevented the market creating a worse record than it did.

The depreciation of the pound following Great Britain's abandonment of the gold standard played havoc with the export market for eggs and poultry, livestock and dairy produce, and as in all of these commodities some exporting had to be done the domestic market simply reflected the export price. The egg and poultry Pool was compelled at one time to abandon export altogether, while the livestock co-operative through its export operations was almost ruined.

The dairy co-operatives also suffered by reason of the influence of the export market, for although the quantity available for export varied, even a small export surplus depressed the domestic market. The dairying business is not so well organised co-operatively in the west as the poultry and livestock business,

but in Manitoba, Manitoba Co-operative Dairies suffered severely from the slump and, having to draw upon its reserves, was compelled to do some special financing by means of a bond issue.

The experience of these organisations with the export market has led to a demand, supported by the marketing co-operatives of British Columbia, for special Dominion legislation along the lines of the British Agricultural Marketing Act. Specifically what is asked for is:

1. Federal legislation which will give constitutional validity to provincial marketing legislation.
2. Export surplus control boards.

The province of British Columbia has experimented considerably with legislation intended to obviate the disorderly effects of extreme competition, only to have such legislation declared *ultra vires* the provincial legislature. Saskatchewan passed one measure for the compulsory pooling of wheat, but before putting the legislation into effect the Government submitted it to the provincial courts, with a result similar to that experienced by British Columbia.

In July, 1933, representatives of western co-operatives, including British Columbia, met in Regina to discuss the question of Federal marketing legislation. The meeting decided to ask for legislation of a widely inclusive character and a committee was formed to bring all the co-operatives into line on the question and to press the request upon the Federal government. On November 27, 28 and 29 a conference of agricultural marketing organisations was held in Toronto, attended by representatives from both eastern and western co-operative marketing organisations. This conference fell in line with the western demand and added five members from eastern organisations to the committee formed at Regina. Subsequently the committee interviewed the

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Dominion Minister of Agriculture and received an assurance that he would have a bill drafted and submitted to the committee which in its turn will probably submit it to a national convention, so that the government may know whether or not it meets the requirements of the marketing bodies and has their support.

The immediate future therefore will see the Dominion Parliament pressed for agricultural legislation of an entirely new character and surrounded with constitutional difficulties which are made all the worse because Canada has not the power to amend her own constitution, or at any rate amendments have to receive the approval of the British Parliament. It is rumoured the Government is not averse to the idea of export control boards and would even introduce the required enabling legislation if it could be done without raising delicate and difficult constitutional questions, but is exceedingly troubled by the problem of how to carry out effectively the international wheat agreement without creating a national wheat board or otherwise interfering drastically with the private grain trade. The private grain trade met the Prime Minister on December 6 and promised full support of measures intended to implement the international wheat agreement, but urged that the marketing of wheat be through the ordinary trade channels.

In addition to marketing legislation the Government has under consideration the establishment of an agricultural intermediate credit institution supported by the Dominion and provincial governments. Such an institution was urged upon the Royal Banking Commission which took evidence in the country during this year and it forms part of the recommendations of the Commission.

In Manitoba there was little hesitation about interfering with private enterprise when in 1932 a crisis occurred in connection with the milk supply of the city of Winnipeg. Owing to the low prices they were receiving for fluid milk, partly because of the

general price and partly because of outrageous cut-throat competition in the retailing of milk, the producers of the Winnipeg milk shed, through their organisation, the Winnipeg District Milk Producers' Co-operative Association, a purely bargaining body, staged a public protest and threatened to withhold supplies. As a consequence, and under legislation that had been passed it is said with such a contingency in mind, the Public Utility Board intervened and after a public investigation into the matter fixed the price to be paid the producer and subsequently the price to be paid by the consumer. In Winnipeg, therefore, milk has been declared a public utility and the producers' co-operative is the body with which on the supply side the Public Utility Board negotiates.

The formation in Western Canada in 1932 of a political organisation under the name The Canadian Co-operative Commonwealth Federation, popularly abbreviated to "The C.C.F.", has led to a wide belief that the co-operative movement has gone into politics. There is no connection between the co-operatives and the C.C.F. The co-operative movement is entirely and very positively non-political. Nor is the C.C.F. a new political party; it is a federation of political groups the aims of which are assumed to be identical or at any rate near enough to make common action possible and desirable. There is no co-operative organisation in the C.C.F., however, nor is there likely to be. The co-operatives have their own particular field to cultivate.

# UNION OF SOUTH AFRICA

BY

A CORRESPONDENT

ELEVEN years have now elapsed since the promulgation of the present Co-operative Societies Act which consolidated the various co-operative enactments previously in existence. At the time of promulgation of the 1922 Act, there were 54 co-operative societies, with a membership of 12,878, in operation in the Union. At present the registered number of co-operatives societies and companies is 416, with a membership of 83,697.

The number of registered co-operatives is actually 21 less than last year, although there is a total membership increase of 382. The decrease in registered co-operatives is mainly due to a large number of special livestock societies liquidating. These concerns were only formed with the object of obtaining Land Bank loans for the purchase of livestock, once these loans have been repaid the societies go into liquidation. Similar requirements are now met by special rural credit societies formed under an Act of 1926, and administered by the Land Bank itself, and consequently no more of these special livestock societies are registered.

The following table shows the increase in membership during the last five years:

Membership at 30.6.29 . . . . .	79 844
" " 30.6.30 . . . . .	62 927
" " 30.6.31 . . . . .	70 102
" " 30.6.32 . . . . .	83 315
" " 30.6.33 . . . . .	83,697

The large increase in 1932 can be partly attributed to increases in membership of the maize societies, probably due to the promulgation of the Maize Quota Act, which largely had the effect of encouraging co-operative marketing of maize, and partly due to the development of the co-operative wheat societies and companies.

The operations of the Maize Quota Act have been suspended for the current season owing to a shortage of maize, and it seems quite safe to assume that this is largely due to the large number of recent resignations from the maize co-operatives.

The present tendency is more and more for organising with limited liability and less with unlimited liability. The present membership is made up to 29,911 in unlimited concerns and 55,786 in limited concerns. The 13 new registrations during the year are made up as follows: Butcheries, 7; wine, 2, dairies, 2, fruit, 1, trading, 1. Many of the associations handle more than one product in addition to the supply of various agricultural requirements to members.

While steady progress continues to be made by the co-operative movement, there is still much to be done in securing more complete organisation among farmers. Failures of co-operative concerns always have a detrimental effect on the progress of the movement. Precautions against failures taken by the co-operative section of the Department are briefly as follows:

- (a) Before a co-operative is registered, the promoters must satisfy the Registrar that the concern is assured of sufficient support, etc., to give it every reasonable chance of success.
- (b) Immediately after registration, a letter is forwarded outlining a complete system of bookkeeping.
- (c) The annual balance sheets and profit-and-loss accounts submitted by the co-operative in terms of the Act are carefully scrutinised by an inspector at the office.
- (d) Whenever possible, officials attend meetings of concerns where difficulties are expected.

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- (e) Inspectors visit the co-operatives as often as possible, and undertake a complete investigation into the books and transactions of the concern. Copies of reports on these inspections are then forwarded to the chairman of these co-operatives.
- (f) The Registrar undertakes all legal work in connection with the drafting of regulations and amendments.

During the past year 79 associations were visited and inspected, and 52 meetings were attended by the Registrar and members of the staff. These inspections included special and lengthy investigations into the functioning of several of the big central concerns which are not usually visited by the inspectors. A special investigation to determine the average cost of manufacture of dairy products in the Union was also undertaken by an inspector in conjunction with an economist. In the course of this investigation, most of the leading cheese and butter factories, irrespective of whether they were co-operative or not, were visited. Further, an inspector was required to investigate several irregularities in connection with subsidies.

With the prevailing depression and its repercussion on co-operative organisation, the various problems to be faced were greatly intensified, and several calls for special interviews, owing to unforeseen problems and occurrences, had to be met. It is to be expected that the last few years of economic depression have materially affected not only the individual farmer, but also the co-operative business organisations which have as their object the co-operative marketing of products and co-operative purchase of farm requirements. The successive years of low prices coupled with the drought have subjected these organisations to a severe test. The whole co-operative system has passed, and is still passing, through a very critical time. As is to be expected, many of these co-operative concerns could not survive this abnormal period and had, therefore, to succumb. Many were able to weather the storm, but have become financially

embarrassed and are burdened with heavy financial commitments. The financial difficulties with which the farmer as well as his co-operative society have had to contend have given rise to serious doubts among the farming community as to whether the co-operative system answers its purpose and fulfils a real economic service to the primary producer.

It is this feeling in the country today which, together with the search by farmers for other means of regaining their economic welfare, has persuaded the Government to appoint a Commission to investigate and report on the whole question of co-operation and agricultural credit. The Commission's terms of reference are as follows.

- (1) The principles, development, functioning and results of co-operation and the methods obtaining in the Union in connection with agricultural credit (co-operative or otherwise), and any recommendations with a view to effecting improvements in connection therewith.
- (2) To what extent existing legislation on co-operation and agricultural credit is effective.
- (3) The causes of failure of co-operation in connection with certain important agricultural products and recommendations as to the methods whereby such causes could be eliminated, as also the assistance required to place co-operative organisations, which have failed as a result of these causes, on a sound basis.
- (4) The desirability and feasibility or otherwise of compulsory co-operation in the sale of tobacco, maize and wheat or any other product, and the sale thereof through one channel by means of boards of control.
- (5) The effect on co-operative organisations of existing legislation for the compulsory export of surplus products.
- (6) Any other matter in connection with co-operation and agricultural credit which the Commission may deem advisable to investigate.

As will appear from the above, the Commission has been instructed to investigate the whole system of co-operative organisation, as also to deal with the allied question of agricultural



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credit and the financing of farmers and farmers' organisations. Its findings and recommendations will necessarily have a far-reaching influence on the future agricultural policy of South Africa.

# NEW ZEALAND

BY

T. C. BRASH, *Secretary, the New Zealand Dairy Board*

CO-OPERATION in the manufacture of the Dominion's dairy produce has advanced much more rapidly than co-operation in its marketing, even granted that there are certain features in the manufacture which are anything but idealistically co-operative, namely, the competition between co-operative dairy companies for supply from farmers. The cost of collection of cream is tremendously increased by reason of the fact that cream-collecting lorries from several dairy companies are operating over the same territory. Nevertheless, in the manufacture of the Dominion's dairy produce, some 90 per cent. of the total is carried out by co-operative dairy companies controlled by the farmers who supply the raw material. In marketing, however, the spirit of co-operation has had but little part. Each dairy company, be it co-operative or proprietary, has been a law unto itself, and for any individual dairy company, by reason of a lucky sale, to beat its neighbouring company in the payout for butter fat, a matter for rejoicing. It would appear as if dairy farmers were co-operators up to a given point, but beyond that were violently individualistic.

Many and varied have been the experiences of marketing of dairy produce in the fifty years since the inception of the industry. In the earlier years, when dairy companies were few in number, the produce was mainly sold to local merchants, frequently at a given price at the nearest railway station to the dairy factory.

As the quantity grew, British merchants became interested and sought to make direct contact with the directors of dairy companies. At the same time there was established compulsory grading by Government officials, and cool storage of butter and cheese at the grading stores at ports of shipment ; F.O.B. sales are now made from this point.

As the industry developed, two systems of marketing became firmly entrenched : one, the shipment to British merchants for sale on consignment, the dairy company being satisfied to secure the ruling market price when the produce arrived on the British market ; the other, the system of selling F.O.B. shipping ports to the highest bidder. Sometimes the sales were for one shipment only, or they may be for one or more month's make ; or again the whole season's outputs have been sold in advance at the beginning of the manufacturing season.

The outstanding feature of these systems of marketing is, that every dairy company acts as a separate unit and, whether intentionally or not, proceeds without any consideration as to how its action effects other dairy companies. Thus marketing has become intensely individualistic.

The proportion of the produce sold on an F.O.B. basis has been approximately 20 per cent. of the total exported each year, the balance being shipped on consignment. Those dairy companies which adopted the consignment policy did not consistently market through any particular merchant, but in the majority of cases changed their merchant frequently, and very often even small outputs were divided amongst several merchants. By reason of this there has been fierce competition between merchants for the right of handling each dairy company's output. This has resulted in an army of local agents, whose particular work is to make contact with the individual directors of dairy companies to secure their support to the firm which the agent represented. The competition has been bitter, and the

tactics used—well, to say the least of them—not of a very high standard.

Dairy company directorates and British merchants have alike been dissatisfied, but up to the present it has been impossible to get anything like unanimous support for any co-operative marketing proposal. A number of years ago there was formed the New Zealand Producers' Co-operative Marketing Association, but through lack of support it has not been able to bring about any very great improvement. Then in 1926-27 the New Zealand Dairy Board took over the allocation of outputs to merchants and made such F.O.B. sales as was thought advisable on behalf of the industry. The industry did not stand behind the proposal, and the Dairy Board could not continue. Then there was formed the Amalgamated Dairies Limited to handle co-operatively the huge output of the N.Z. Dairy Company and such other outputs as could be persuaded to support the organisation. The policy of Amalgamated Dairies Limited has been modified so that it now handles practically only the output of the New Zealand Co-operative Dairy Company.

The great need of the dairy industry is for a Dominion viewpoint on the part of directors of co-operative dairy companies. Until there is recognition of the fact that no section of the industry suffers without directly or indirectly affecting the whole of it, any advance is very difficult.

The British dairy produce merchants who have been handling the produce sent to London on consignment have again and again pointed out the growth of practices amongst themselves which worked out to the detriment of producers, and which, by reason of the system of marketing in operation, they were helpless to prevent. When Mr W. A. Iorns, Chairman of the New Zealand Dairy Produce Board, visited Great Britain during recent months, the Importers' Association, after lengthy consideration, adopted unanimously certain proposals for the improvement of marketing

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New Zealand dairy produce. These they submitted to Mr. Iorns, asking that he place them before the Board in New Zealand with a view to their being put into operation. The Dairy Board very carefully considered these proposals, and after making some amendments submitted them to a conference of dairymen fully representative of the dairy industry of the Dominion. This conference strongly supported the proposals and the Board decided to put them into operation, although the date of their taking effect has not yet been fixed. The proposals as finally adopted are as follows:

1. Export of all butter and cheese from New Zealand to be under licence granted by the New Zealand Dairy Produce Board, New Zealand, to importers approved by the Board. The licensee shall provide that the licensee shall not buy on his own account New Zealand dairy produce either in New Zealand, abroad or elsewhere. The Board to provide machinery for sales or transfers from one importer to another when the Board's London Manager is satisfied such importer is short of New Zealand produce either for pat or general trade, and, other than such sales, it is a condition of the licence that the holder undertakes to confine his activities in New Zealand dairy produce to first sales only. Dairy Companies or Proprietors to be free to make F.O.B. or C.I.F. sales on their own account, a regulation to be established by the Board to provide that no F.O.B. or C.I.F. sales shall be made below the London current price at the time the sale was made.
2. Butter and cheese to be allotted by the New Zealand Dairy Board in co-operation with the Factories. The Board to have final decision in the allocation, but importers in the event of any change to have opportunity for discussing this matter with the Board before such allocation completed. No canvassing to be allowed as from date agreed upon between the New Zealand Board and the Importers' Association.
3. Accounts to be subject to verification as and when required by the Board's accountant. If any importer desires independent verification, the Board is willing to grant it, but it will be at the importer's expense.
4. No licensed importer to sell New Zealand dairy produce "short".

5. No sale of butter and cheese on consignment after date of Bill of Lading to be made until official notification of commencement of discharge
6. In connection with sales through brokers, the buyer's name to be disclosed and goods to be invoiced direct. A list of accredited brokers to be made by the Importers' Association in conjunction with the Board
7. Where the general interests of the industry do not suffer by such action, the Board undertakes to give all possible protection to existing contracts between Factory and Agent.
8. Commission on landed sales to be not more than 2½ per cent. and on C I F. and F O B sales not more than 1 per cent.
9. Agents prepared to contribute to advertising scheme equitably to the amount spent by the Board, not exceeding halfpenny per box of butter and one penny per crate of cheese.
10. Any dispute between a licensed agent and/or broker and the Board to be settled by arbitration under rules to be formulated and agreed
11. No averaging of returns shall be permitted under the licence.
12. The Board to be advised weekly of the stocks of consignment produce held in London.

It will be noted that whilst every consideration will be given to the wishes of the dairy companies, the final word as to the merchant who shall handle consignment produce is in the hands of the Dairy Board. No holder of a licence to handle consignment produce shall speculate in dairy produce on his own account. The proposals provide that all account sales will pass through the hands of the Board and an audit system can be adopted to check up dates of sales, buyers' names, etc.

As far as F.O.B. sales are concerned, dairy companies can continue to make these direct, subject to certain restrictions. These restrictions are being criticised by selling dairy companies, but it has been obvious for some time that restrictions in this connection were necessary in the interests of the whole industry. The Australian Dairy Board has regulations in force giving

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them power to fix a minimum price for F.O.B. sales and preventing the sale of produce before it is made.

(The Dairy Producers' Free Marketing Association, a body which claims to represent 126 companies having an annual output of 44,000 tons of butter, is reported in London as opposing the Board's proposals in the cause of "absolute freedom to dispose of their produce."—Ed.)

# WESTERN AUSTRALIA

BY

THE HON. T. H. BATH

WESTERN AUSTRALIA, a state of immense area with a sparse population of 420,000 souls mainly concentrated in its south-western corner, depends primarily upon the production of wheat, wool, fruit, and, to a lesser degree, on other agricultural produce. Low and unprofitable prices for these products over a period of four years have had a most depressing influence, and the effects have fallen heavily on farmers. Their co-operative organisations have had a hard struggle to maintain their stability, mainly on account of the large amounts due to them by a portion of their membership for goods supplied to them in more prosperous years under a lax system of credit trading. In the main these are unsecured debts, and secured creditors have used their priority of claim on farmers' current proceeds with such vigilance that the co-operative units have collected only a very trifling percentage of these outstanding amounts.

One outcome of the position has been unexpected. In better days it was always contended that farmers could never be brought to realise the soundness of the co-operative rule that trading should be on such a basis as to permit of no bad debts being made through the default of some members at the expense of others. The attitude of secured creditors in time of depression made the co-operative organisations realise that the disposal of goods on credit meant giving them away. The pressure of economic circumstances, in effect, compelled the adoption of a



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strict basis of trading with members. Where this has been combined with strict economy and efficient control, the results have been magical. A number of the co-operative units are in a better financial position than ever before in their history, and have been able to resume the payment of moderate interest on capital and bonus on trading. A number of others, which built up large turnovers on the basis of contracting considerable amounts of debt to merchants and banks, and contra items of amounts owing by farmers which are uncollectable at present, are having a very arduous struggle.

### DETAILS OF 39 DISTRIBUTIVE CO-OPS

	1932	1933
	\$	\$
Turnover	555,285	446,553
Earnings	102,062	80,107
Expenditure (not including bad debts written off as expenditure)	100,708	75,306
Bad debts written off as expenditure	11,613	6,077
Net profit earned by 20 companies in 1932 and 27 in 1933	12,514	11,486
Net losses (sustained by 10 companies in 1932 and 12 in 1933)	4,802	1,774
Aggregate net profit	7,432	7,682
Paid-up capital	155,848	155,086
Creditors	101,000	86,687
Bank overdrafts and mortgages	50,158	41,700
Reserves	26,854	80,500
Land Plant and Buildings	51,070	51,007
Investments	8,408	11,400
Stocks on hand	116,070	116,396
Debtors	175,671	154,084
Cash in hand and in banks	7,251	10,476

In a few instances the co-ops are under the supervision of committees of creditors. Generally speaking, the Movement has improved its position during the period of depression and will

win out eventually to a stability that will justify co-operation practised on sound principles. Out of 53 co-operative distributive organisations affiliated with the Co-operative Federation of W.A., the returns of 39 units aggregated in the comparison (on previous page) for 1931 and 1933 indicate a reduction of liabilities to outside creditors and improvement in their own resources.

During the past year a collective purchase organisation has been created to enable the co-operative stores to amalgamate buying for their own advantage. This is being controlled on sound lines and is meeting with a satisfactory measure of success.

#### CO-OPERATIVE MARKETING

As the result of many years of investigation and experimental work, the Wheat Pool of W.A. and The Westralian Farmers, Ltd., have co-operated in designing a scheme for the bulk handling of wheat; economical in capital cost; flexible and efficient in operation; and proven by practical test over two years to effect a worthwhile saving to farmers using the scheme.

The two organisations mentioned have provided the capital for an extension of bulk handling to 47 new country centres in the wheat-belt, to be ready for operation during the 1933-34 harvest. The method of control provides for acquirement of ownership on a co-operative basis by the farmers whose wheat passes through the bulk-handling installations.

The South West Co-operative Dairy Farmers, Ltd., were able to report a year of progress, although reduced returns for butter have been a sore disappointment to producers. This co-operative was able to pay a dividend of 5 per cent. on capital, a bonus of one penny per pound on butter fat supplied by shareholders, and to reduce the cost of manufacture by one-third of a penny per pound.

One effect of the depression and the ruling low prices for

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produce is that organisations working on a percentage commission basis have had a drastic fall in income. This has made it necessary for co-operatives to exercise rigorous economy and to avoid the accumulation of bad debts by restricting the grant of long terms of credit on a non-secured basis. Organisations like Producers Markets Co-operative, Ltd., which operates in the Metropolitan area of Perth, and those co-operatives which export fruit, eggs, and dried fruits overseas, have had difficult times to cope with, but have maintained their efficiency and at the same time affected economies and consolidated their financial position.

## QUEENSLAND

FOURTEEN pools function at present under legislation introduced for the purpose of providing orderly marketing of primary produce. Each pool has been established by the majority of the growers of the commodity concerned voting in favour of the constitution of the Pool, and in each instance a board has been elected by growers who are engaged in the particular branch of primary production over which the Pool is intended to operate. Since the inception of the pooling system in Queensland in no instance has a pool, when once established, ceased to function. The Canary Seed Pool was extended last year without a request for a ballot having been received, and the Atherton Tableland Maize Board was extended for a further period of ten years by a 56 per cent. majority.

During the year the practice has again been followed whereby officers of the Department of Agriculture possessing special knowledge of the different commodities under the Acts, have acted as Government representatives on the various Boards. This practice has proved to be of great benefit to the Department and the Pool Boards concerned. The following details are from the Report of the Director of Marketing dated November, 1933.

### BUTTER BOARD

During the year the Board, with a view to strengthening its system of control, was successful in inducing the Government to give effect to a comprehensive amending Order in Council, this being gazetted on April 13, 1933.

Control is exercised by the Board over the marketing of the

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commodity without obliging those concerned to actually submit same to the Board for handling. In this regard it is worth repeating that the Board's policy invariably has been to interfere with existing channels of trade as little as possible. To achieve this objective, each of the companies operating in the State is asked to submit the name (or names) of a suitable company, firm or person (or companies, firms or persons) it desires to handle its product, and the Board, after satisfying itself of the bona fides of the concern (or concerns) nominated, proceeds to appoint it (or them) as agent. The control exercised by the Board is to a large extent indicated in the Order in Council to which reference has been made, but the nature of the control is set out more elaborately in the conditions which the Board attaches to its agents. The Board determines the price to be charged on the local market, and imposes a limit of 3 per cent commission, and the agent is required to take all risks in the matter of finance. As butter is sold direct ex-factory, the manufacturing companies are also appointed agents of the Board and subject to agency conditions.

All butter sold in each month is made the subject of a distinct equalisation; particulars as to sales on the different markets are secured from factories and agents. In the case of sales intrastate and interstate, prices taken are those decided upon from time to time. Overseas sales are taken in on the basis of London prices operating as between the seventh and fourteenth day after arrival of shipments in London. Prices in this regard are for first-grade butter, and are submitted from time to time by the London Office of the Commonwealth Dairy Export Board. The average London price is arrived at after taking into account the quantities shipped in each boat. The figure so arrived at serves also for the purpose of determining the value in respect of ships' stores sales to vessels trading outside Commonwealth waters and sales to countries other than Britain. From all prices

so determined is deducted the levy paid to the Australian Stabilisation Committee. In the case of interstate and overseas sales, shipping charges, etc., which are not incurred in connection with the sales on the local market, are deducted. In the case of exports from the Commonwealth, bounty (as determined from time to time by the Australian Stabilisation Committee) and also exchange are added with a view to arriving at the net price. With the quantities disposed of on each of the different markets, together with the net prices determined in the manner indicated, the Board is enabled to strike a general average price for the whole of the butter and make reclamations from or rebates to the factories, as the case may be.

Despite the decline in market values, the operations of the Board have been beneficial to the industry and have maintained price levels here on a comparatively higher basis. Queensland dairymen, on the basis of the quantity of butter manufactured and sold locally, were better off than those of Victoria to the extent of £141,956. Furthermore, they were £268,317 better off than would have been the case had parity rates obtained after the effect of the operations of the Australian Stabilisation Committee been taken into account.

#### CHEESE BOARD

The past year has been a difficult one for the cheese industry owing to the decline in values on practically all markets. The Board has done much in the adverse circumstances to maintain the industry on an orderly marketing basis. The majority of factories have whole-heartedly co-operated in this direction.

The total expenditure incurred by the Pool for the year under review was £1,555 1s. 3d., equivalent to 3·09d. per 100 lbs. of cheese sold, as compared with 3·92d. for the previous year and 3·28d. for the 1930-31 period.

## WHEAT BOARD

After considerable discussion on the question of the future policy of the Board in respect to the sales of wheat, it was decided that an endeavour be made to conduct selling operations on the basis of a contract sales note rather than through the medium of an agreement between the millers and the Board, under which system the sale of the wheat crops of the previous three seasons had been effected. The matter of price was one on which long discussion took place, and the Minister desired the Board to take due cognisance of the fact that the Government was prepared to support a price of 3s. 6½d. for milling wheat of No. 1 quality, at growers' stations, with the necessary dockages for that below Q1, and the following proviso: That (a) such basis was to include the Federal grant, estimated at that period to be 3d. per bushel on Queensland's production; (b) in the event of wheat values declining in Southern or overseas markets, the price of 3s. 6½d. to remain unaltered; (c) should there be any advance in Darling Harbour or New South Wales country station values, the price of wheat to Queensland millers was to be increased by a similar amount, provided that this increase did not exceed a maximum of 1s. per bushel.

The Minister also intimated that if the Board agreed to these terms the Government would be prepared to afford protection in safeguarding the price of flour. The majority of the Boards were in favour of rejecting the above proposals, and informed the Minister of their desire to go on the open market. Following upon the harvest, an endeavour was made to locate a market that would give a return better than that outlined by the Government, but, although many avenues were explored, no improvement on the terms originally put forward by the Government was obtainable elsewhere. Subsequently the Board signified their willingness to confer with the millers, and a meeting of the

Board and the millers took place on April 3 of this year, when a sale of the millable wheat was finally agreed to on the price basis of 3s. 3½d. exclusive of any Federal grant, but with dockages of 1½d. and 3d. per bushel on Q2 and Q2a grade wheat.

Deliveries were commenced on April 6 and have continued on the quotas agreed to by the millers. The intake amounted to 2,154,471 bushels, 94 per cent. being classified as milling wheat. Arrangements were made with the Commonwealth Bank of Australia for the making of a first advance payment to growers of from 2s. 4d. to 2s. 6d. per bushel on No. 1 milling quality, with dockages on the other grades, and 3d. per bushel expenses.

#### ATHERTON TABLELAND MAIZE BOARD

In a ballot of growers, taken on July 12, 1932, a majority of the growers concerned voted in favour of continuance and the operations of the Pool were extended to June 30, 1943.

The total quantity of maize delivered to the Pool for the year was 17,437 tons. To date, growers have received £7 10s. a ton for the maize delivered to the Pool, and it is anticipated that a final payment of 5s. 6d. per ton will be made in August next, making the total payment to growers of £7 15s. 6d., which is a considerable increase on last year's price of £4 11s. 1½d. The handling charges of the Pool for the year, which included government interest and redemption, bags, silo costs, cartage and administrative costs, amounted to £1 7s. 2d. per ton, this being a slight reduction on last year's figure.

#### BARLEY BOARD

The Board's operations covered the handling of 31,471 bushels of barley. Total payments to growers were at the rate of 3s. per bushel for malting, 2s. 8d. for Cape, and 2s. 3d. for feeding barley respectively.



## BROOM MILLET BOARD

Owing to the prospects of the broom millet crop being a light one, the Board, after calling for returns, decided against exercising full control, provided that growers sent their millet to the Board's agents at Brisbane or Rockhampton, who would account direct to the growers. The Board fixed the sale price and stipulated that in the case of Rockhampton sales the agents were to submit a sample to Brisbane of each consignment received, for valuation.

## CANARY SEED BOARD

Owing to the demand for seed for planting the 1932-33 crop, the Board, through its agents, made arrangements for the purchase of imported seed to meet this extra demand. The working account of the Board shows the payments for canary seed delivered to the Pool, including the first, second and third advances to growers, totalled £17,990 18s. 2d., exclusive of the purchases of seed amounting to £563 os. 1d. Pool charges, including steamer freights, railage, cartage, cleaning seed, commission, Board fees, amounted to £3,781 10s. 9d., equalling a cost of £5 1s. 9d. per ton. Total consignments of this season's crop equalled 1,230 tons, of which 547 tons of cleaned seed have so far been disposed of. A first and second advance have been made to growers totalling £15 per ton.

## EGG BOARD

There has been an increase in the quantity of eggs handled by the Board and its agents, and, in view of the large increase in egg production throughout the Commonwealth generally and increased difficulties in the marketing of the surplus which the local market was unable to absorb, the results are satisfactory.

The quantity of eggs exported to the United Kingdom during

the period under review greatly exceeded the shipments of the previous year. It is noteworthy that the prices obtained for eggs in London during last export season relatively were higher than realisation for other primary products exported from Australia, or, to put it another way, eggs escaped the general slump which affected nearly all other primary commodities exported to Great Britain. Excellent reports were received concerning the quality of Queensland eggs from official and other sources. A small loss of £44 5s. 10d. was made on the season's operations.

#### FRUIT BOARD

During the period under review the announcement of the reduced tariff from 8s. 4d. to 2s. 6d. per cental on 40,000 centals of Fijian bananas per annum (a concession given at the Ottawa Conference) was made at a time when the industry was already facing a disheartening outlook.

It is estimated that the first three monthly consignments from Fiji on the Melbourne market alone resulted in a loss of £7,000 to Australian growers by reason of the depreciated price of the Australian product. The poor prices realised, however, on succeeding Fijian consignments have discouraged the exporters, and only very small consignments are now being introduced monthly. The worst feature of the introduction of Fijian bananas is the dislocation of the market for the Australian fruit at a time when the Australian production is more than adequate to meet consumption demands.

A grant of £20,000 was again obtained from the Fruit Industry Sugar Concession Committee to assist in the export of canned pineapples. The production of pineapples in Queensland is now such that approximately half the crop must be canned if the market price is to be kept at a remunerative level, and more than half the quantity of the canned pineapples must be exported. Unfortunately, the Canadian market for canned pineapples was

considerably curtailed because of the loss of preference over the low-priced Singapore pineapples which was conceded at the Ottawa Conference.

### HONEY BOARD

The current season has been a particularly good one, and yields of high-grade honey have been very satisfactory. Owing to the marketing of honey being controlled in this state, and the prices maintained, considerable quantities have been imported from South Australia and New South Wales, to the detriment of ruling values in Queensland. The breakdown of the Honey Board in New South Wales has also been responsible for increased quantities being received here.

During the year the Board has handled 9,406 tons of honey, equal to 564,360 lbs., at prices varying from 2d. to 5½d. per lb. The quantity disposed of—honey in bottles and sections—reached 123½ dozens, at prices ranging from 7s. to 16s. per dozen. Beeswax received amounted to 7,381½ lbs., realising from 1s. to 1s. 6d. per lb.

### ARROWROOT BOARD

Growers received a first advance of 20s. per ton on bulbs from the 1932 crop, delivered to the mill, and it is anticipated that a second advance of 5s. 6d. will be available shortly. In continuance of the policy adopted by the Board to reduce the cost of manufacturing flour, they again offered millers £13 per ton for the manufacturing of the 1932 season's bulbs into flour, and, following on a conference with the millers, this price was accepted on the basis of £10 on delivery of the flour, and further payments coincident with the subsequent advances made to growers.

The recent High Court judgment in the Peanut Case was having some effect on the arrowroot position, and to meet the

situation a conference was arranged between the millers and the Board on April 28, and the position placed before the former. It was pointed out that, as the control of interstate sales of the commodity was affected by such judgment, and that as certain millers voluntarily had asked for the Board to control the marketing of the flour, this could only be accomplished by agreement between both parties, whereby the Board would be assured of supplies; otherwise it would not be willing to function.

#### NORTHERN PIG BOARD

During the year ended June 30, 1933, the Board disposed of 8,754 pigs. Of this number, 7,644 were classified as first grade. The average return for baconers was 4·36d. per lb., which compares more than favourably with the average price paid elsewhere in Queensland. The number of pigs supplied was 2,093 less than last year and was not nearly enough to supply the demand.

#### PEANUT BOARD

Owing to the fact that Rockhampton growers had made a definite movement in the direction of selling their commodity outside the Board's control, the Board obtained legal advice on the matter and, subsequently, acting on such, took action against the Rockhampton Harbour Board, who were cited as defendants. The case was heard in the Supreme Court, Brisbane, and a decision was given against the Board. The legality of pools constituted under the Primary Producers' Organisation and Marketing Acts was questioned, particularly in respect to their bearing on Section 92 of the Commonwealth Constitution. The Peanut Board appealed to the High Court, but the appeal was not upheld.

A doubt as to the future market prospects which existed in the minds of peanut-growers subsequent to the decision of the

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Court resulted in reduced areas being planted with peanuts. At present the quantity of peanuts available is not equal to Australian requirements, and to meet the position, an application has been made by the Board to the Federal authorities at Canberra to permit the Board, through its agents, to import from overseas up to 500 tons of Spanish peanuts, of which variety the Board is at present short of supplies.

### COTTON BOARD

By far the greater proportion of the cotton produced has been disposed of to manufacturers within the Commonwealth. A limited quantity, however (100 bales), of cotton was exported to Japan. This cotton was of a good middling grade and staple length of  $1\frac{1}{4}$  inches, and evidently gave satisfaction to the spinners, as inquiry was made with regard to the prospects of obtaining further supplies. The price realised was slightly in excess of Liverpool values ruling at the time the sale was effected.

## CEYLON

BY

W. K. H. CAMPBELL, *Registrar*

CEYLON Co-operators, like everyone else, have been having a bad time lately. It is true that they have at least had the advantage of assistance from their societies which was not available to others. But the prices of rubber, tea, coconuts, paddy, vegetables, have all suffered a catastrophic fall, and though the cost of living has greatly decreased, this has been nothing like sufficient to adjust the balance. A severe outbreak of rinderpest, which carried off an immense number of the cultivators' cattle, did not make things any easier, and will affect the situation for years to come. The fact that the so-called tame buffalo when not actually engaged in his employment goes off and matures felonious little plans with his admittedly wild relatives in the jungle makes the eradication of this disease very difficult.

It was hard luck that the societies should have been called upon to face such a struggle at a time when most of them had been hardly weaned. After making due allowance for this, there is no reason to be dissatisfied with the present state of affairs. Thrift, which is the basis of all improvement, has shown an increase of deposits from Rs67,689/- on April 30, 1927, to Rs892,333/- on the same date in 1933. The percentage of overdues on April 30, 1933, was 14.11, which, though not as good as last year, is enormously better than the figures for some of our neighbours over in India, with whom there is always a temptation to make self-satisfied comparisons. Any comparison

with India has to be qualified by some fundamental differences, however. Ceylon only seriously started Co-operation in 1926, and it has had the inestimable advantage of learning from the experience of India. The bulk of their troubles has come from comparatively long-term loans issued by primary societies. With the exception of Land Mortgage Banks, we have so far confined ourselves to a maximum of two years. Again, it is one thing to maintain a standard with 779 societies, which is our present total, and quite another with 22,532 in Bengal or 20,333 in the Punjab.

Co-operation is not achieving its object at all unless it is at least making progress towards independence in respect of finance on one hand and propaganda and supervision on the other. With three central banks covering all the developed portions of the island, we are as near financial independence as it is so far possible to get. It was expected that the chief difficulty of the banks would be to raise the money needed to finance the societies. The actual experience has been just the opposite. All three are stuffed full of money and refusing deposits. The danger is rather of their accepting too much than of their attracting too little. For the moment the reduction of scope for the profitable use of money, and consequently of the requirements of the societies, is reducing their turnover and causing a little anxiety, but if, as we are told, the recovery of trade has begun, this will soon adjust itself.

The development of the unofficial supervising agency is much more difficult. Various methods have been tried in India, but none of them seems to have proved entirely satisfactory. In Ceylon we are going for the Supervising Union, supplemented where necessary by the Honorary Supervisor, officially recognised but paid only travelling expenses. There are differences in the machinery for exercising supervision, corresponding to differences in the nature of the country. On the whole, good work is being

done. There are so far 26 such unions, which ordinarily recover from affiliated societies  $\frac{1}{2}$  per cent. of loans outstanding on the last day of the co-operative year. This gave rise to the anomalous situation that the best societies organised themselves in this way and paid this tax, while the worst did not and escaped scot-free, though they absorbed more of the time of the official staff than the better ones. This point was considered last year at an All-Ceylon Conference, which accepted the principle that all societies should make contributions to a supervision fund on this basis for credit societies or some other suitable basis for others. The contributions are to be funded on the basis of Assistant Registrars' divisions, corresponding roughly to Low Country Sinhalese, Kandyan Sinhalese and Tamil, and administered by committees on which all branches of the movement will be suitably represented. Steps have been taken to secure the legal powers necessary to give effect to this arrangement, and to cure at the same time a number of defects which experience has revealed in the present Ordinance.

Here, as in India, the department has been much criticised for its alleged undue concentration on credit. It is quite useless, say these critics, to lend a man money and help him to grow produce, unless at the same time you make some arrangement which will ensure that he will be able to sell it at a price which leaves him a reasonable profit. That, of course, is perfectly true, but it is equally true that until a reasonable and suitable system has been evolved for providing the agriculturist with the credit which he requires, he has nothing to market, and, however much he would like to do so, cannot bring his produce to a co-operative marketing society. He has borrowed from the local boutique keeper or village moneylender (usually in a most unbusinesslike manner), on the express condition that he repays by selling his produce to the lender, at a price dictated rather by the ignorance of the grower or the urgency of his need



for money than the actual value of the goods. Moreover, the disparagers of the credit society regard it as a rule merely as an institution for issuing and recovering loans. They do not realise that it also serves as a bank for the savings of its members and others, teaches people how to borrow, how to avoid waste, how to calculate the receipts and expenditure on a particular enterprise, the advantages which accrue from punctuality and the faithful fulfilment of any promise made. In fact a good credit society aims at revolutionising the whole life of its members and is the finest instrument which has ever yet been invented for providing them, through their own friends, in a form which they assimilate without realising that they are being taught at all, with a thorough practical education in the business-like habits in which they are at present so deplorably lacking. Self-reliance and mutual trust are at the same time engendered.

Marketing is an operation which always sounds delightfully easy. You have only to arrange for all your small producers to collect their produce at a certain place and a certain time and then, by virtue of the improved bargaining power which you get from handling a large quantity, and reduced costs of transport proceed to sell it on improved terms. Actually, however, it is extremely difficult, as a very little experience soon shows. First the collection breaks down. Some of your producers are cut off by an impassable stream; many others have gone to a wedding and will bring their stuff tomorrow, when your lorry or whatever it is has gone; many more have been beguiled, by the sight of a little hard cash and the promise of more, into selling to the local trader; others are tied to the local boutique keeper to whom they owe money—if they do not take their produce to him at his price, he will put them in court and sell their land. But they never told you a word about this when they promised to bring their produce. Usually there is such a complete break down at this stage, that the whole scheme collapses. But

you surmount that obstacle, there are plenty more. Your individual member must have cash, and cannot wait for it. You can only afford to pay him a conservative fraction of the anticipated final price, but to do even this you need a very large sum of money, which you have not got and cannot borrow, because no one will lend on the security of a lot of produce which has not yet been collected, to a society which will very likely collapse. You can hardly even guarantee that you will collect produce with sufficient certainty to justify Government in putting up a warehouse in which to collect it. If you get that far, you have next got to arrange to get it sold without illicit commissions, work out accounts of all transport and other expenses, and pay the balance due to the producers scattered all over the country. Throughout the whole transaction you will be dogged by the mistrust of the original producer, who has parted with his produce on a partial payment, and strongly suspects that distant people whom he does not know have cheated him or will shortly do so. Needless to say this suspicion and mistrust is actively fostered by the agency which formerly bought these goods, and has no desire to be ousted by your organisation. On a co-operative basis all this has to be done by an association formed by the producers themselves, *i.e.* cultivators pitted against traders, trying to beat them at their own game and oust them from a market which they already hold. Officials may help and advise, but if they actually do the work it is not co-operation, and they are going outside their province.

Attempts have been made to deal with some of these problems. A society has been formed for selling White Burley Tobacco grown in Ceylon on the English market, and has just sent home its first year's crop. This is an advance on the previous system of direct State aid. Another has been formed to market chewing tobacco grown in Ceylon and consumed in Travancore. This has secured co-operative control of over half the total crop,

but is held up at the moment for want of a suitable agent in Travancore to handle the not inconsiderable sum of money involved. These both deal with exportable products, which are always a little less difficult than those for which there is a local market.

A society for running a motor-boat service between some islands off the north coast and the mainland is expecting a launch from the Clyde in a few weeks. A co-operative vegetable and fruit market has just been opened in Colombo. If the society delegates can command the necessary business and administrative skill to run it successfully, this will prove an inestimable boon. A few stores have been started, and on estates are working well. Elsewhere they are not having such a smooth passage, and the promoters are learning by experience that owing to the lack of system in family budgets, and the constant craving for credit, especially by the worst payers, the ordinary shopkeepers were not after all having nearly such a good time as they had always supposed.

It will thus be seen that development is not entirely confined to credit. But the credit society is the one which satisfies the need which is most urgently felt, and is at the same time the best medium for imparting a knowledge of the value of concerted action and mutual trust and inculcating business-like habits without which complicated trading enterprises have not even a chance of success. Consequently it is inevitable and correct that the credit society should be the foundation for the whole co-operative structure, and it is likely to continue for some time to absorb the greater part of the energies of the department.

## GOLD COAST

BY

*J. C. MUIR, Superintendent of Agriculture in Charge of Co-operation*

THE second year's working of co-operative societies in the Gold Coast on a general scale has now been completed and societies have increased in number from 275 to 395 during the year. With the exception of two thrift and loan societies the membership of which consists of officers of the African Staff of the Department of Agriculture, the scope of the movement has been confined to produce marketing of exportable crops direct from primary societies. As cacao is the principal agricultural product exported from the country the majority of societies are of the cacao producers' type. Two copra producers' societies which have made sales of good quality copra are also in existence, and one rice-growers' society has been formed, but no rice has yet been marketed. It is probable that coffee-, cotton- and fruit-growers' societies will be formed early. The working of the cacao producers' type of society which is representative of the others is described in the following paragraphs.

In the Gold Coast cacao is normally purchased from farmers by African brokers at varying prices stipulated from time to time by the exporters who pay the broker fees at the rate of £1 8s. per ton of cacao delivered to them. The cacao purchased by such brokers is of variable and unknown purity, whereas that sold by co-operative societies is never below 93 per cent. purity. When societies market cacao co-operatively they are able to make savings of at least £1 8s. per ton by reserving broker's fees to themselves, and in addition they usually manage to secure a further 10s. per ton from purchasers who wish to obtain cacao of known high purity.

The cacao crop is purely a seasonal one, the main reapings taking place and the bulk of a farmer's income being obtained between the months of October of one year and January of the following year. In very few villages are banking facilities available, with the result that there is a tendency for farmers to spend freely during these months and to experience the need for money during the off-season.

In the absence of co-operative societies the need for loans is satisfied by moneylenders who make small cash advances to farmers who promise to repay a certain number of loads of prepared cacao beans during the next season, the rate per load at which advances are made being as a rule less than one-half of that which it is expected cacao will realise when the crop is ripe. For larger loans moneylenders advance sums to farmers on the security of cacao trees, as trees are individually owned, although the land on which they are grown may be owned by the community. The rates of interest charged are extravagantly high.

If advances have been received for cacao before it is plucked the farmer naturally takes little care in the preparation of the beans, and similarly if moneylenders obtain possession of their debtors' farms they restrict cultivation to a minimum and farms deteriorate under their control, both of these factors having adverse effects on the cacao industry. The simplest and most effective method of combating the disabilities mentioned is by placing saving and borrowing facilities within reach of the farmer through a system of co-operative societies.

The European staff of the Department of Agriculture is distributed throughout the country upon a territorial basis, each agricultural officer being responsible for encouraging the formation and supervising the activities of the co-operative societies within his District. In this work he is assisted by officers of the junior African staff of the Department and by

literate youths who receive an elementary course of training in the principles of co-operation, keeping of accounts, and inspection of produce. The latter are also paid from funds supplied by the Department of Agriculture.

The majority of the farmers of the Gold Coast are illiterate, and as there is not yet any body of literates who are prepared to perform secretarial services for societies free of charge, the bulk of this work must perforce be undertaken by persons paid by the Department of Agriculture. In the early stages of the life of a society supervisory duties are so organised that, dependent upon the distance apart of villages, an African officer of the junior staff is responsible for all the secretarial work, including the keeping of accounts and the weighing and inspection of produce, of from three to six societies. As members of societies grow in experience and accept increased responsibilities, secretarial work and receiving and weighing of cacao is entrusted to literate youths who have received training on the lines described in a previous paragraph. It is anticipated that such youths will be retained and eventually paid by the societies themselves.

In the earliest attempts at co-operative marketing in this country equipment was lent to societies, but it was found that members tended to assume that, as equipment was supplied by Government and clerical work performed by Government officials, there was little need for members themselves to assume responsibilities or do more than take a casual interest in their societies. The Department of Agriculture now insists, as a preliminary to any other assistance being given, that societies must have subscribed sufficient entrance fees and share capital to provide themselves with such essential equipment as books, sacks, and some form of weighing apparatus. The latter item is frequently portable and may be owned jointly by several societies. As a result of this policy of insistence upon some personal effort, members are now taking a more vital part in the affairs of their

societies. The funds of each society are lodged in a bank account and when members are literate the signatures of two nominated members are required on bank withdrawal forms. Most societies require the District Agricultural Officer to countersign all orders for the withdrawal of moneys from their bank accounts.

Each society builds, rents, or obtains on loan a building in which members' cacao may be stored prior to sale, and during the cacao season this store is open on one or more days a week for the reception and bulking of cacao which has been carefully fermented and dried by members on their own farms. The African officer in charge of the society attends at the store accompanied by some members of the committee in order to examine the quality of cacao brought in and record the weight of accepted cacao. The preliminary inspection of cacao is important, as it is easier to reject unsuitable produce at this stage than at any other. Beans are turned out on a mat and examined by eye, by touch, and to a certain extent by cutting samples and examining the interior for signs of slate, mould, insect damage or other defects. Cacao of doubtful purity is set aside for detailed examination and rejected if it falls below 93 per cent. purity, the minimum standard set for sale through co-operative societies. No advances are at present made against members' cacao which is accepted into store pending sale, as at the beginning of the cacao season the entire funds of societies are generally out on loan.

When members of a society wish to make a sale the District Agricultural Officer is notified, samples of the stock are taken, analysed and a certificate of purity issued for the consignment. Notices regarding the sale are sent out to prospective local buyers and offers are invited. No sales have yet been attempted outside the Gold Coast. A society occasionally acts by itself when there is a considerable quantity of cacao in stock, but more commonly a number of societies in adjacent villages tender their

cacao jointly in order to make up a large parcel and attract keener competition from buyers. If a sale is made by a single society the acceptance or refusal of offers is in the hands of the President or occasionally of certain members of the Committee. In the case of joint sales a selling committee, consisting of one or more members elected from each participating society, usually considers offers and accepts or rejects them on behalf of all societies.

When an offer is finally accepted and societies receive payment for their cacao they augment their funds and provide for depreciation and other normal operating costs by making a charge of 3d. or 6d. per load (60 lbs.) of cacao sold. In some cases the rate of deduction to be made from each load sold during the cacao season is determined by a general meeting of a society before sales begin for the season. By means of these deductions considerable sums are accumulated by societies selling large quantities of cacao and members are fully aware of the service which is rendered by those individuals who support a society by bringing in considerable quantities of cacao. So much is this the case that from the societies themselves have come strong representations for the payment of a dividend based on the quantity of cacao sold by each member. No provision has been made for this in the Co-operative Societies Ordinance, but such a dividend is usually paid prior to the end of the financial year. In all cases members have converted to share capital sums paid to them as dividends on produce. During the year 353 societies sold 4,178.6 tons of cacao of mean purity 97.7 per cent. as compared with 206 societies selling 2,248.3 tons at 97.3 per cent. purity during the previous year.

In the earliest days of the co-operative movement in the Gold Coast societies were formed by farmers solely with the object of securing an increased price for their produce through co-operative marketing, and for a time members were not inclined



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to regard the thrift and loan functions of their societies as of great importance. They have now altered their views upon this matter, however, and regard the latter aspect of co-operation as of equal importance to the marketing side.

This alteration in outlook is due to the fact that many societies have now accumulated sufficient funds to make the benefit of loans at low rates of interest apparent to members. These loans are issued from funds saved by each society, no society having yet received a loan from any outside source. In order that the habit of punctual repayment of loans may be instilled into members, only short-term loans for a maximum period of one year are issued. In practice the loans are generally taken out during the off-season and repaid during the cacao season some six to eight months later, the majority of loans being used for subsistence.

### KENYA

BY

A CORRESPONDENT

Co-OPERATIVE marketing has been practised in various ways by the white settlers in Kenya, there are also one or two dairies of a more or less co-operative character, and there is a growing demand for co-operative credit as a way out of the present threatening situation. For the native population, however, little has been done towards enabling them to readjust their productive capacity to modern conditions, beyond a comparatively small but interesting and effective effort in education. Since 1929, theoretical and practical training in co-operative organisation has been given at the Jeanes School, an institution which aims at training African men and women as community leaders, who will use the village schools as centres for social work.

The first practical enterprise was the starting of a small shop for supplying the everyday needs of the students and their families, such as soap, paraffin, maize meal, sugar, and, to some extent, clothing, books and bicycles. A building was supplied by the school. As far as possible, the shop was run on true co-operative lines, largely copying the methods of the original Rochdale Pioneers. Any African was eligible for membership on paying 5s., the maximum holding for one member being 40 5s. shares (£10). An elected committee, under European supervision, managed the shop, at first doing the selling themselves every evening, but later employing a salesman. A simple set of rules were drawn up, outlining the objects of the shop, eligibility for membership, methods of electing the committee, division of profits, etc.

There are now 50-60 members, with a capital of 700-800s. on which interest at the rate of 6 per cent. is paid, while latterly a bonus at the rate of 7 per cent. has been paid on purchases, and reserves total 150s. About one-third of the total trade is with non-members, and from this year onward, a like proportion of the profits on their purchases is to be devoted to a fund for propaganda or educational work amongst those who deal at the shop but do not understand its purpose.

The gross receipts each month are now almost equal to the capital. This leads to considerable difficulty in getting supplies from the wholesalers, owing to the hard times there is very little money available for additional capital.

Pupils of the school who have returned to their homes have in some cases attempted to start similar shops. Many of these are extremely small and not yet worthy of notice, but one shows distinct promise. Sixty members have amassed a capital of 700s., and by their own efforts have burned bricks and put up a two-roomed shop, with cement floor and iron roof. After their first fifteen months, during which time they rented a small wattle

and daub shop, they had built the new shop, and, after paying all expenses in this connection, there was a surplus of some 4000. Part of this was distributed as interest on capital and dividend and part put to reserve. There is no direct European supervision of this shop.

Other co-operative activities of the Jeanes School consist of a savings and credit society, a potato-marketing society, and an egg circle. The pupils, who are members of and who help to run these societies, come from all parts of Kenya (and some from Uganda) and each one takes back with him some knowledge of what co-operation means and what it may do for his people. At the other end of the scale, Government has recently encouraged local councils to erect godowns at some of the stations on the railway, to which natives may bring their produce. At the store it is weighed, and in some cases graded, and a receipt issued. At weekly intervals, a European representative of a firm of exporting agents comes to the store and pays cash against the receipts. This system is chiefly employed for selling wattle bark. It is not co-operation as the word is generally understood, nor does it in any way prevent the small middleman and native broker from preying on his less intelligent neighbours. Nor does the store at the station do anything to solve the problem of transporting small quantities from the remoter districts. But it provides a ready outlet for the produce of small societies which may now or in the near future be formed.

## ZANZIBAR

THE operations of the Clove Growers' Association were continued, but on a smaller scale than usual owing to the poor clove crop in 1932. Only 193 clove-growers deposited consignments amounting to 11,057 bags weighing 34,778 francs, and Rs1,67,425.50 were advanced against cloves deposited at the

rate of from Rs3 to Rs5 per frasila. Only six Harvesting Loans were taken, amounting to Rs735.

The position and constitution of the Clove Growers' Association came under discussion early in the year and was reviewed by Sir Alan Pim during the course of his financial inquiry. It has been realised for some time that it is not the proper function of an Agricultural Department to operate a scheme which is purely financial and that the work entailed had occupied an undue proportion of the time of the Agricultural Officers and consequently hindered and restricted real agricultural work. It was decided that the Clove Growers' Association should be reconstituted in 1933 and placed on an independent basis under a business man who would be Secretary-Manager.

## BRITISH GUIANA

At December 31, 1932, there were 27 co-operative credit banks on the Register; the membership stood at 10,990. Members of the black race own 48,541 shares, and East Indians own 27,628 shares out of a total issue of 83,126 shares. At registration the subscribed capital of the banks was \$5,138; at December 31, 1932, the paid-up capital had increased to \$83,126 with reserves of \$31,665. The contributions made to the Credit Banks (Secretaries) Guarantee Fund by the various banks stood at \$1,850, and the value of the entire fund was \$3,031.24, which is administered free of charge. The liability of members is limited. Loans from public funds to augment their working capital were discontinued in 1928 pending improvement in the Colony's financial position. Loans are repayable in twenty-five equal annual instalments. Loans up to March 22, 1920, bear interest at the rate of 5 per cent. per annum. All subsequent loans bear interest at 6 per cent. per annum. Instalments of loans, \$2,101 and interest, \$1,300, were duly paid in to the Treasury. The

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balance due to Government on loans at December 31, 1932, was \$29,791. Two banks have failed to meet their repayment obligations. The balance due to the Colonial Bank (Barclays) for loans made to the banks additional to Government aid was \$5,780.

From the foregoing it will be seen that the lending capital of the banks has been derived from three main sources, namely, subscribed share capital, Government loans and Barclays Bank loans. Loans were made to members only who are chiefly peasant agriculturists raising crops of padi, canes and provisions. Some business is also done with members engaged in coconut-oil manufacture, pig-keeping, cow-keeping, huckstering, diamond-seeking, etc. Money is also lent for the repair of buildings and towards the purchase of properties.

During the year, 25 banks made 1,290 loans to members, amounting to \$40,345. The lowest ratio of loans to shares is a \$2 loan on each share held, and the highest is a \$5 loan on each share. In special cases loans are occasionally made to clients without regard to any scale. The interest charged on loans was maintained at the rate of 12 per cent. per annum. In many instances borrowers have allowed their properties to be taken into execution for non-payment of rates. In such cases the Co-operative Banks concerned have been compelled to buy in the properties of such borrowers to protect their interest. In some cases arrangements have been made whereby the purchasing banks are being gradually paid off and the properties restored to the former owners. The number of members who were debtors to the banks at the end of 1932 was 3,661. These owed loans amounting to \$96,139, and interest amounting to \$7,495, making a total of \$103,444 outstanding. Of \$57,138 lent through the credit banks in 1926 as a result of the effects of the drought, the balance due to the Government at December 31, 1932, on these loans was \$70,611.

## PALESTINE

BY

A CORRESPONDENT

IT was only to be expected that the initiative of the Palestine Government in appointing a full-time Registrar and enacting new co-operative legislation with the primary object of encouraging and assisting the development of co-operative institutions among the rural population, should have beneficial repercussions on the whole of the existing movement. The immediate reaction has been a healthy one inasmuch as it has resulted in a thorough airing of certain thorny problems and has given the opportunity to the better forces of the movement to come to the fore and take a lead in the formation of Audit Unions and Federations, the absence of which has been one of the most obvious weaknesses of the movement. It is hoped that this development will gradually lead to the purging of the movement of certain unco-operative practices which have crept into it. Judging by the interest created and by recent developments, the prediction may be ventured that the movement is on the threshold of a new phase of its existence. All signs indicate more deliberate and sounder propagation as contrasted with a past of spontaneous and wild growth, largely unguided, unsupervised and uninstructed by a central organisation. This prediction can be more confidently made on behalf of agricultural co-operation and of that section of the movement which is affiliated with and sponsored by organised bodies or by Government. In the independent section of the movement the tendency to scatter forces, to develop party spirit to excess and to create societies of all kinds and to meet all tastes is still prevalent and it will be the difficult task of the new Federations and Unions to fight this tendency.

The main objective of the Government policy is to give equal opportunity to Arab and Jew in the agricultural progress of the country, and since the Jewish section of the population by education and environment is the more advanced co-operatively, the efforts of the Registrar are being more directly orientated to promoting the organisation of Arab agriculturists, and exercising a considerable measure of control over Arab Societies in the early stages of their existence, the ultimate aim, however, being the creation of a self-contained movement with a minimum of Government intervention. In the case of the Jewish section, it is hoped that the necessary supervision will be largely exercised from within the movement by the affiliation of societies to Audit Unions, the representatives of which will be in close consultation with the Registrar.

The movement has as a whole retained its materialistic character and its main feature is still one of purely economic betterment, the aspects of social progress and moral advancement being relegated to a modest corner in the general frame. The Registrar, however, is engaged in carrying on propaganda in the Arab villages for the formation of social welfare societies with such objects as the prevention of unnecessary litigation, the restraining of villagers from extravagance, the prevention of agrarian crime such as the destruction of trees and poisoning of cattle, which is unfortunately prevalent in many localities, and the general improvement of the social conditions of rural life.

Economically the movement has kept pace with the general and phenomenal development of the country and more particularly among the Jewish population. The following is a general summary of the co-operative movement as on December 1, 1933.

Total number of Jewish societies	455 (of which 245 are agricultural societies)
Total membership	85,000
Share and reserve capital	(£50,000)

Arab societies numbered 26, including 9 road transport societies, 2 citrus marketing societies and 14 rural credit and thrift societies. There are also 4 German societies composed of 1 agricultural settlement, 1 wine-growers' and 2 general agricultural societies. The total number of agricultural societies as on December 1, 1933, was 266, as compared with 184 on December 31, 1932, or an increase during eleven months of about 44·5 per cent. The agricultural societies may be classified as follows:

	<i>Total Number.</i>
Saving and Loan Societies . . . . .	63
Land Settlement Societies . . . . .	91
Citrus Marketing Societies . . . . .	21
Almond Marketing Societies . . . . .	2
Wine Growers' Societies . . . . .	2
General Agriculture Societies (including seven Societies possessing dairies) . . . . .	18
Consumers' Societies . . . . .	19
Cattle Insurance Societies . . . . .	3
Irrigation and Water Supply Societies . . . . .	23
Miscellaneous types . . . . .	24
<b>Total . . . . .</b>	<b>266</b>

#### RURAL LOAN AND SAVING SOCIETIES

The 63 rural saving and loan societies are spread over fifty-one villages, only eight villages having more than one society. Fourteen of these societies, which are all Arab, are with unlimited liability; all the others have a liability fixed in relation to the shareholding of the member. The Arab societies were all formed during the latter part of 1933 on the Raiffeisen Model, adapted to meet local conditions. Arrangements have been made whereby these societies will be financed at the outset by Barclays Bank (D.C. & O.), who for some years have been issuing seasonal loans to groups of cultivators secured by their



unlimited joint and several liability. The principle of unlimited liability is therefore not a novel condition in Palestine. The Jewish credit societies do not, however, look with favour on unlimited liability and have adopted the Schulze-Delitzsch principle of multiple liability based on the shareholding of members. The total capital of 36 rural saving and loan societies established prior to June, 1931, for which returns are available up to December 31, 1932, is £89,616 of which £47,234 represents share capital, £17,397 reserves and £24,985 other funds. The membership of these 36 societies as at the same date was 8,700. Most of the older loan and saving societies are housed in buildings of their own and engage in the granting of seasonal loans to their members. They also act as intermediaries for obtaining long-term loans for their members from Financing Institutions and are very important factors in the development of agriculture in their respective villages.

#### LAND SETTLEMENT SOCIETIES

These societies undertake all communal services in the settlements, such as supply of water, lighting, maintenance of roads, and the provision of educational facilities. They are of the following types:

(a) Societies with collective property where special duties are allotted to each member, and no wages are paid. All the earnings of the Settlement and from work undertaken outside the Settlement are pooled and the members' needs are supplied from the common fund. Crèches for children are maintained and the young children do not live with their parents. These societies number 55.

(b) Societies in which every member has his own holding which he cultivates individually. In addition the members undertake ploughing contracts and other agricultural work in adjoining villages. The produce of members is sold co-operatively

and the general working of the Settlement is on a co-operative basis. There are 24 societies of this type.

(c) Societies which were created for the purpose of developing and improving certain lands jointly. Subsequently the cultivated land is divided among its individual members, the society continuing to supply water for irrigation and agricultural requirements co-operatively. These societies number 10.

Societies of the first and second type also undertake the collective marketing of their agricultural products and their activities in this respect are described later, together with those of the general agricultural societies.

#### AGRICULTURAL PURCHASE AND SALE SOCIETIES

In this class are included:

(a) Societies which specialise in the marketing of certain types of agricultural products (such as citrus, almonds and wine); and

(b) General agricultural societies which engage in the sale of all the agricultural products of their members, including dairy products, vegetables, fruit, eggs, poultry, grain and manufactured agricultural products such as preserves, pickles, etc.

There has been a considerable extension in the number of citrus-marketing societies during the year among the Jewish growers and during the 1932-33 season 1,605,231 boxes, or 36 per cent. of the total crop, were handled by co-operative societies. On December 1, 1933, it is estimated that 720 growers cultivating 31,905 dunams ( $4\frac{1}{2}$  dunams = 1 acre), or 16 per cent. of the total citrus area, are members of marketing societies. Whereas in 1929 only 2 such societies existed, the total number is now 21. The societies or groups of societies consign their fruit to private traders in the different markets and the distribution of the crop is thus not carried out co-operatively—one

society, however, consigns its fruit to the Co-operative Wholesale Society of Manchester. The possibility of establishing a distributing organisation in the United Kingdom on similar lines to that of the South African Growers has been considered, but no progress has been obtained, owing chiefly to the strength of vested interests, and to the lack of a spirit of solidarity among the societies. Propaganda has been carried on for co-operative marketing among the Arab growers of citrus, but on account of the individualist characteristics of this section of the population, the remunerative prices that are still being obtained, and the strength of the vested interests, no success has been attained. The two Arab co-operative citrus-marketing societies on the Register are in a moribund condition. The larger Jewish societies have been instrumental in developing new markets and promoting the orderly supply of such markets but it is apprehended that in the latter respect their efforts will be stultified by the invasion of these new markets by unorganised shippers. The grading and packing of oranges continues to show improvement, and the larger Jewish societies are actively encouraging the establishment of central mechanised packing houses.

The whole of the almond crop of the country is being marketed through almond-marketing societies, which pool the fruit of their members. This branch of agriculture has been on the decline since 1925, as a result of the expansion of the more lucrative branch of citrus cultivation and the high tariff walls raised by Egypt, which previously was the best market, against all Palestinian agricultural products. A considerable area of land, however, still remains under almond cultivation and the almond-marketing societies have assisted their members in adjusting themselves to new conditions, thus enabling them to maintain for the almond crop a modest margin of profit.

Thirty-two thousand hectolitres of wine, or 90 per cent of the total wine production of the country, is produced and dis-

tributed through two societies, one of which is composed of Jewish and the other of German farmers. These societies make seasonal advances to their members and have been active in combating pests and improving stocks.

### AGRICULTURAL GENERAL PURPOSE SOCIETIES

Of the 122 organisations existing in as many rural centres, which engage in the collective marketing of agricultural products, 79 are co-operative societies. All these societies, with the exception of six, are affiliated with the central marketing society known as "Tnuva", which has branches in the three main towns, Jerusalem, Tel-Aviv and Haifa maintaining modern central dairies and a large number of distribution centres, dairy shops and light refreshment restaurants. The phenomenal development of the Tnuva Marketing Society is illustrated in the following table :

<i>Year.</i>	<i>Quantity of Milk and Dairy Products Marketed. (Litres.)</i>	<i>Value. (£.)</i>	<i>Value of Other Agricultural Products Marketed. (£.)</i>	<i>Total. (£.)</i>
1923-24	225,521	4,726	14,923	19,649
1924-25	450,806	11,808	28,412	40,220
1925-26	307,810	8,213	45,060	53,274
1926-27	712,840	14,281	43,786	58,067
1927-28	1,154,000	23,247	47,132	70,379
1928-29	1,171,400	34,158	62,052	96,210
1929-30	2,408,011	49,227	80,874	130,102
1930-31	2,929,073	58,576	88,067	146,643
1931-32	4,231,998	81,407	95,319	176,727
1932-33	—	—	—	204,803

In addition to undertaking the marketing of the products of these societies, Tnuva also acts in a supervisory capacity, and advises them regarding organisation. Uniform methods of packing, grading and of delivery are insisted upon. Literature on the methods of production and marketing are disseminated and of late a model system of accounting has been introduced. A number of collective organisations which are not registered as co-operative societies have been admitted to membership of the Tnuva, and the tendency is gradually to register these organisations as co-operative societies. Sales through Tnuva are carried out on a commission basis. The average rate of commission charged by the Tnuva is 7 per cent. of the gross sale returns. In addition, 1 per cent. of the gross returns is appropriated to a fund for the development of new markets, in which field of activity Tnuva has displayed a large measure of initiative. The individual societies are otherwise independent and self-contained. Every co-operative dairy maintains its own stud-bulls, a milk-cooling establishment and arranges for the co-operative purchase of fodder. The other societies own in common agricultural machinery, provide seeds and fertilisers, and arrange for the joint delivery of the products to the Tnuva centres. The societies make advances in cash or in kind to their members, which in some cases takes the form of vouchers, exchangeable for products in the consumers' store of the village.

The rural consumers' movement has so far made little progress, the difficulty as everywhere being the competition of the small trader selling on credit. However, in certain rural areas the consumers' movement is gaining ground and is developing on sound lines under the guidance of a central organisation known as the Hamashbir, which acts as a wholesale society for 68 co-operative societies as well as for other collective organisations. The following table illustrates the development of the Hamashbir Hamercazi for the past three years:

Year.	Membership.			Turnover, (£.)
	Rural Consumers' Societies.	Other Registered Societies.	Collective Organiza- tions.	
1931 . . . . .	11	17	11	68,145
1932 . . . . .	14	38	19	89,360
1.1.33-1.10.33 . . . .	19	49	8	101,411

Seven thousand head of cattle (owned by 1,800 farmers) out of a total of 160,000 head of cattle in Palestine at the end of 1932 are insured by three co-operative cattle insurance societies or £170,000, the annual premiums amounting to £7,500. These societies employ a number of veterinary surgeons who pay periodical visits to the settlements and instruct the members on the care of cattle.

The development of irrigation societies is still in its infancy, but the number of such societies has been steadily increasing and their activities are becoming more important with the advent and spread of the more intensive forms of cultivation which invariably result in the reduction of the sizes of agricultural holdings. Water for irrigation is obtained from wells of varying depths, the sinking of which involve an expenditure which is beyond the means of the average individual small-holder. It is in this type of societies that the co-operative element is mostly put to the test, and the success or failure of agricultural co-operation in a village greatly depends on the smooth working of the irrigation society. A further rapid development in societies of this type, both among the Arab and Jewish section of the population, may be anticipated when the proposed agricultural bank, to be formed for the issue of long-term loans, commences operations.

Agricultural contracting societies engage in various forms of

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agricultural services requiring special skill and qualifications, such as deep mechanical ploughing, fruit packing, well drilling, the manufacture of cement pipes for irrigation and societies contracting for the plantation and maintenance of groves for absentee owners, who usually intend to settle in the country.

Miscellaneous agricultural societies include a number of societies formed for various purposes, societies for the manufacture of certain agricultural products into more marketable shape, such as fruit juices and preserves, and societies which engage in inter-village transport of passengers and goods.

During the past year Mr. C. F. Strickland, the well-known co-operator, visited Palestine to advise the Government and to assist in the drafting of new co-operative legislation. It is expected that a new ordinance, which will more adequately provide for the needs of the advanced Jewish agricultural population, while encouraging the development of co-operative organisations among the Arab cultivators, will shortly be enacted.

# THE UNITED STATES OF AMERICA

BY

ROBIN HOOD, *Secretary-Treasurer, National Co-operative Council*

IN 1933 the American farm co-operative movement halted its 1929-32 advance and proceeded to entrench itself for future operations. A few cold figures indicate that some of its recent gains were not sufficiently well fortified to be sustained, as shown by the following table.

## FARMERS' CO-OPERATIVES IN THE UNITED STATES \*

<i>Crop Year.</i>	<i>Number of Associations Listed.</i>	<i>Estimated Membership.</i>	<i>Estimated Business. (\$)</i>
1914-15 . . .	5,424	651,186	635,830,000
1924-25 . . .	10,803	2,700,000	2,400,000,000
1931-32 . . .	11,900	3,200,000	1,925,000,000
1932-33 . . .	11,000	3,000,000	1,340,000,000

The decrease in dollar value of co-operative business from 1925 to 1932 is entirely due to decrease in the price level. When we adjust the business to the farm price level (1909-14 = 100; 1914-24 = 101; 1924-25 = 142; 1931-32 = 65; and 1932-33 = 56) we arrive at the following table:

## U. S. CO-OPERATIVE BUSINESS ADJUSTED TO PRICE LEVEL

1914-15 . . .	\$630,000,000	1931-32 . . .	\$2,961,000,000
1924-25 . . .	1,690,000,000	1932-33 . . .	2,393,000,000

It is therefore apparent that the American co-operative movement must record moderate losses during the past year in

\* 1915 and 1925 data, U.S. Dept. of Agriculture; 1932, Federal Farm Board; 1933, Farm Credit Administration.



all three statistical measures—associations, members and business. These losses represent a reaction from the boom reported in the last *Year Book of Agricultural Co-operation*. The heaviest loss took place in co-operative grain marketing, presumably due to terrific curtailment in grain growing, our wheat production falling from 900 million bushels to 515 million bushels since 1931. The other important losses occur in livestock, fruit and vegetable co-operation, where a noticeable mortality among small local associations was only partly offset by their merger into larger units. Co-operative purchasing of farm supplies, however, continues to grow by leaps and bounds, while the dairy co-operatives have held their own in volume of business. Dairy associations now hold first place among the commodities in number of members and volume of business, a place held by the grain co-operatives until 1932.

In general, large scale associations have fared far better than local co-operatives. Distinct trends towards integration of the movement are to be seen—mergers, growth of federations, and the habit of doing things in concert. Considerably more than half of the co-operative movement and nearly all the large-scale organisations are now affiliated with the National Co-operative Council. The movement is therefore solidifying and preparing itself for further progress.

Throughout 1933 the co-operatives devoted themselves extensively to perfecting their relations with the Government and securing satisfactory Government policies. Our contribution to the 1933 *Year Book* was largely devoted to the turmoil created by administration of the Agricultural Marketing Act, and concluded with the declaration that the final chapter of the controversy was yet to be written. It is therefore appropriate to record that the Federal Farm Board was abolished in May, 1933, by Presidential order, while the Agricultural Marketing Act has been amended to eliminate the features most obnoxious to the

co-operatives. Two new Government agricultural bodies have been established, the Farm Credit Administration and the Agricultural Adjustment Administration, to a discussion of whose co-operative features we shall devote the remainder of the present chapter.

### FARM CREDIT ADMINISTRATION

The Farm Credit Administration was created by Executive Order and implemented by the Farm Credit Act of 1933. It was a merger of all existing agricultural credit facilities and comprises four divisions each in charge of a commissioner :

(1) The land bank division supervises the 12 regional land banks whose bonds are the source of funds for local farm loan associations, each of which is a limited liability co-operative through which farmers negotiate loans on their real estate.

(2) The intermediate credit division supervises the 12 intermediate credit banks, through which various types of co-operative organisations and private agencies may negotiate loans on non-perishable commodities or may discount certain types of securities. They are primarily banks of rediscount.

(3) The production credit division supervises the 12 regional production credit corporations which are authorised to subscribe to a large part of the capital stock of credit co-operatives. Organisation of such local credit associations, with limited liability, is being stimulated. They will not handle real estate loans, but are restricted to supplying credit to farmers for purchase of seed, feed, fertiliser, livestock, labour or other requisites for the production of crops or the breeding and feeding of livestock.

(4) The co-operative division displaces the former Federal Farm Board and administers the amended Agricultural Marketing Act of 1929 as well as the Co-operative Marketing Act of 1926. The co-operative division has erected 12 regional "banks for co-operatives" and a central bank for co-operatives

The banks for co-operatives, under the amended Act, are authorised to lend not only to farmers' co-operative selling organisations, but also to farmers' co-operative purchasing associations, to whom the Farm Board had no authority to lend. Loans may be made to build, buy, lease or re-finance creameries, grain elevators, packing sheds, or any other kind of physical facility required by co-operatives to handle, store or process agricultural commodities. Such loans, however, are limited to 60 per cent. of the appraised value. Loans may also be made to provide operating capital, provided the members furnish a substantial portion of the funds required. The interest rate is relatively low—4 to 4½ per cent.—while the terms of repayment are liberally suited to the operating needs of the co-operative. All loans must be adequately secured.

The central bank handles loans for the nation-wide co-operatives or those requiring loan commitments upwards of \$300,000. The 12 regional banks handle loans of \$300,000 or less, and also loans of \$500,000 or less to regional or local co-operatives.

The distinctive feature of these banks is the sharing of their ownership and control by the Government and the co-operatives. In the central bank, for illustration, the Farm Credit Administration has subscribed \$50,000,000 of capital stock. Each borrowing co-operative subscribes to \$100 of capital stock for each \$2,000 of loans it negotiates, and the co-operative borrowers nominate three of the seven directors. As the Act now reads, the bank must repurchase this stock (less depreciation, if any) when the loan is liquidated, but it is hoped the provisions eventually will be redrafted to permit co-operatives to retain such stock permanently and gradually to acquire ownership and control of the banks.

There has been no change in that portion of the 1929 Act which declares it to be the purpose of Congress to promote effective merchandising of farm products by "encouraging the organisation of producers into effective associations" and by

"promoting the establishment and financing of a farm marketing system of producer-owned and producer-controlled co-operative associations." The Farm Credit Administration is obligated to carry out this purpose, but the new structure is such that its primary relationship to co-operatives is that of a friendly banker. Hence the note of Government domination and control has been eliminated from the melody, and the forces adhering to precepts of voluntary co-operation have again come into the ascendancy. This is one of the reasons American co-operative leadership is singing the praises of the "new deal" in farm credit.

Another reason, however, is that co-operative leadership has been freely consulted in development of the Government program. Six of the seven directors of the central bank are men who hold or have held posts of responsibility in connection with the co-operative movement. Several presidents of regional banks for co-operatives have long records of co-operative marketing service. Several co-operative executives from time to time have been drafted to help temporarily with some activity of the co-operative division. The governor of the Farm Credit Administration formerly was consulting economist for one of our large co-operatives, and for that matter, President Roosevelt's own farm products go to market through co-operative associations.

The chief reason for the improved feeling of co-operative leaders, however, is the definite yielding to their demand for a complete divorce between agricultural co-operatives and Government price stabilisation operations. It is to be noted that the controversial "stabilisation clause" of the Agricultural Marketing Act has been repealed by Executive Order at the behest of co-operatives. Stabilisation activities have not been discontinued, but a wholly new agency, separate from co-operatives or previously existing co-operative agencies, has been established to experiment in this field. If its experiments fail, co-operatives will not be dragged down, while the cost of the Government's

efforts to control surpluses and to stabilise prices of farm products will fall upon the Government and upon all agriculture. Co-operatives are assisting to make the efforts effective and their members will benefit just as all other farmers benefit if the schemes are successful. The serious problem of the non-co-operator "riding free" and destroying the market built by the co-operator is therefore rendered appreciably less serious.

#### AGRICULTURAL ADJUSTMENT ADMINISTRATION

All these problems of farm surplus and price stabilisation fall within the purview of the new Agricultural Adjustment Administration, created in the Department of Agriculture by the Agricultural Adjustment Act approved May 12, 1933. This Act declares it to be the purpose of Congress to raise the purchasing power of American farmers to the level which it occupied in the period immediately prior to the World War. The method is to increase prices of farm products through curtailment of production and through marketing agreements with producers, processors and distributors relating to prices and trade practices. To gain a clear picture of the place of the co-operatives in this program for increasing farmers' purchasing power, we may examine the operations with respect to several typical commodities.

Wheat, corn, and cotton producers have been offered leases on parts of their land at fair acreage rentals as measured by their previous production records. This takes large areas out of cultivation of those crops, although the farmers are permitted to sow such land to certain substitute crops if they wish. Taxes are being collected from processors of these commodities and substitute products in order to provide funds to finance production curtailment.

A similar plan is followed in the case of tobacco, but in addition marketing agreements with tobacco manufacturers fix prices at which the various types of tobacco are purchased. A processing tax on pork and competing products provides the funds

with which young pigs were purchased by the Government and with which benefit payments are to be made to producers who curtail their production in the proportion prescribed. In the case of butter a trading corporation was formed to purchase butter on such a scale as to maintain a stable price at several key markets. Such butter, as well as quantities of cotton, wheat and certain other products, have been turned over or purchased by Federal relief agencies for distribution to destitute unemployed.

The scheme for fluid milk is distinctive, involving separate but similar control measures for each metropolitan area. When 75 per cent. of the producers and 75 per cent. of the distributors in an area develop an agreement with respect to producers' prices, wholesale prices, retail prices, and a code of trade practices, the Secretary of Agriculture may enforce the agreement upon all producers and distributors by licensing, and none may continue in business without a licence. The intended effect is to eliminate all "chiseling" and "cut-throat" competitive prices.

The plan for citrus fruit is still different. Under a national agreement with representatives of producers and shippers, each of the three production areas will be allocated its fair proportion of the domestic market. Under regional agreements allocation will then be made to the various shippers and no fruit may move in interstate commerce unless its shipper complies with the terms of the agreement.

The adjustment Act neither provides nor implies any discrimination in favour of agricultural co-operatives as such. Yet if it functions successfully along the lines so far prescribed co-operative selling associations should reap enormous advantages through the enforced elimination of two great handicaps to co-operative growth.

(1) Co-operatives are relieved of the burden of controlling surpluses and the attendant burden of responsibility for production control and for regulation of prices. Any effort by co-

operatives to withhold surpluses from market by storage usually involves or verges upon speculation, and in notable instances certain cotton, tobacco and wheat pools have been forced into liquidation as the result. Assuming that the Agricultural Adjustment Administration is successful, co-operatives will have no reason for long-time holding, while dealers will have little opportunity to utilise distressed or surplus farm commodities to undercut co-operatives or to "chisel" distributors in consuming markets who purchase from co-operatives. By assuming responsibility for surpluses and production control, the Government is enabling co-operatives to devote themselves more intelligently to improvement of their assembling, processing and merchandising methods. The old familiar picture of non-member producers reaping the benefit of co-operatively built markets without sharing in the responsibility and the cost is erased. The umbrella, held over the non-member by the co-operative member, has been taken down, as American co-operators are wont to say.

(2) A second co-operative handicap removed by the Act if successfully administered is unethical trade practice on the part of competitors. Almost every marketing agreement made under the Act includes a "schedule of fair practices", enforceable at law upon dealers in the commodity. These schedules usually prohibit secret rebates and other special inducements, unethical advertising, price-cutting, etc. Some agreements, such as those covering milk markets, fix the prices which must be paid to dairymen and the prices at which milk must be wholesaled and retailed. Almost every industry agreement includes provisions specifically according recognition to co-operatives. Under the Chicago milk shed agreement the dealers are required to purchase their supplies exclusively from the co-operative or else they must deduct from their remittances a sum per unit equal to the operating cost of the co-operative, and these are paid over to a new organisation for use in promoting increased milk consumption.

# THE SCANDINAVIAN COUNTRIES

A SURVEY, BY

MARGARET DIGBY

CO-OPERATION in the Scandinavian countries has peculiar interest for the student, perhaps particularly for the English student. Denmark has long enjoyed the prestige of a pioneer and extraordinarily successful practitioner of the art of co-operative business. Her economic life, moreover, is and has been for a generation or more, even more closely linked with that of Great Britain than many parts of the Empire. All three Scandinavian countries have a standard of life and of education as high or higher than our own. Their outlook, political and cultural, is in some ways similar—witness a long allegiance to co-operative democracy, followed quite lately by a move toward State-sanctioned centralisation—and recent events, beginning with the formation of the sterling block and ending with the Trade Treaties of the present year, suggest that their fortunes for a long time to come will be bound up with those of Great Britain. From a quite different point of view, the co-operative experience of Scandinavia is interesting, as the three countries have passed through neither wars nor revolutions during the present century, and thus provide a kind of "control", by which co-operative history in other countries may be interpreted.

Sweden, Norway and Denmark are far from presenting uniform conditions or a uniform line of development. The world-outlook of Denmark differs radically from the comparative economic isolation of Norway, and the peasant economy of both



countries, from semi-industrial Sweden, with its element of capitalist high farming. They have, however, this in common, that the agricultural business of each is in process of rapid re-adjustment to world conditions. In Norway, where problems in themselves less pressing were tackled on almost their first appearance, the process is already well advanced. In Sweden it is in full swing; in Denmark, where the very perfection of the existing organisation acts as a deterrent to change, it is only just beginning.

For the purposes of this survey, all three countries were visited in the early summer of 1933. Past experience, present action and future possibilities were discussed with government officials, economists, representatives of farmers' organisations and of the co-operative movements of both producers and consumers. The story is necessarily incomplete. The later developments of the Swedish Milk Scheme, for example, have been ascertained by correspondence up to the end of 1933, but only the next few years can show the end of the movements now in progress, or pronounce finally on their efficacy in meeting a changing world situation. British agriculture also has to meet that situation, and though it would be folly to suggest any exact analogies, experience of any degree of relevance is too scarce to be ignored.

## SWEDEN

### GENERAL CONDITIONS

SWEDEN is a country of considerable area (one and half times that of the British Isles) but of comparatively small population (rather over 6 millions). Of the land, only about 12 per cent is devoted to farming, the remainder representing forests and more or less unproductive areas. The greater part of the arable land lies in the south, especially in Skåne, where latitude, climate and soil make possible a high standard of mixed farming, and in the

arable districts of East Gotland. Holdings are of small or medium size, 98 per cent. being under 125 and 50 per cent. between 5 and 25 acres. Of the total cultivated area, 80 per cent. is in holdings of less than 125 acres. The larger farms lie in the south and are frequently held by tenants. Peasant proprietorship, however, is common and is tending to increase, through the break-up of large estates and the creation of small-holdings. The position of agricultural labourers is regarded as good. Wages may not exceed £35 p.a., but they are accompanied with free cottages and gardens, milk, meal, potatoes, fuel, etc.

Slightly over half the population of Sweden is directly dependent on agriculture and forestry, but the country has also considerable industrial resources, including important timber and iron. There is a small importation of certain foodstuffs, including grain, and a rather larger but fluctuating export of dairy produce and bacon. The margins are small enough for a balance of production and consumption to be a possible objective of the economist or statesman, and large enough to be a constant source of disequilibrium to the Swedish internal price level.

The standard of living in Sweden is high, and internal prices are considerably above world prices. The problem which faces those responsible for Swedish agriculture has been to prevent a heavy drop in Swedish prices through flooding of the home market either by imported produce attracted by the high Swedish prices (a danger which can be and to some extent is met by a system of tariffs), or, on the other hand, by the surplus home produce, to which low price foreign markets have ceased to be attractive. An attempt is being made to meet the latter danger by the schemes of market organisation and price equalisation which will be described below. These schemes, when linked with complementary schemes for the provision of credit and the supply of agricultural requirements, further constitute a means of meeting a moderate drop in prices or eventually of securing an

actual increase in the returns of agriculture, by introducing more socially economical and efficient banking and business methods to the Swedish farming community.

Sweden, like England, is not without a basis of agricultural co-operative organisation of a sporadic character and, except in the case of creameries, of comparatively recent date. Like the agricultural movement of England it has lacked in the past what may be called spontaneous leadership and owed its most rapid development on the one hand to the forcing house of war economics, and on the other to a plentiful supply of State aid principally in the form of propaganda and organisation but also to some extent in credits and subsidies. Like the English movement it lost heavily in funds and morale in the post-War slump. Finally, as in England, the progress of the more recent price crisis has called for a rapid reorganisation of agricultural business methods, in which the State is taking a leading part. Many of the schemes now initiated are the obvious counterparts of those put forward in England. Their interest lies in their differences, which will be found in every case to lie on the side of democracy, voluntary co-operation and producer control, as opposed to the tendency toward State ascendancy, compulsion and compromise with the middleman which are observable in the English reorganisation schemes. In spite of certain obvious differences, there is enough resemblance between the agricultural conditions and experience of the two countries to make fruitful comparisons possible.

It has been indicated that the State has been largely responsible for the revival of agricultural co-operation. A few years ago, among other steps, a special investigator was commissioned to visit foreign countries whose systems may sometimes be traced in the Swedish schemes subsequently put forward.

But the work of the Swedish National Farmers' Union also has been and is so closely associated with the development of

co-operative institutions that a word as to its character is not out of place. It includes both individual and collective members and its work is divided into three sections. The first is concerned with market and price information and the third with book-keeping for individuals and organisations. The second is more especially concerned with co-operation and is again sub-divided into three sections. The first of these deals with auditing. In Sweden no law compels the appointment of a qualified auditor by a co-operative society, though most of the new central and national organisations insert such a provision in their rules. Local societies, however, are usually audited by their own members, and the need for education and supervision is consequently urgent. The second sub-section is purely advisory and deals with the problems of local and central societies. The third is political and is concerned with watching, promoting or criticising co-operative measures in Parliament. Most recent developments owe a good deal to the initiative and advice of the Swedish N.F.U.

The agricultural co-operative societies of Sweden number over 6,000, exclusive of credit societies. The most numerous single class are those engaged in the supply of electricity (1898) followed by requirements societies (1338), threshing societies (1033) and dairies (750). They are to be found throughout Sweden but are most numerous in the South and Southern Midlands.

#### CREDIT

The financing of the Swedish farmer is a matter of some complexity and has been the subject of a good many attempts at reform, none of which have so far been completely successful. Most farms are mortgaged, and although interest payments are being fairly well maintained, the burden during a period of low prices is heavy. These mortgage loans are derived from various

sources. Practically every town possesses a local savings bank of a semi-co-operative character but not exclusively agricultural in its scope. It provides mortgage loans on real estate, rural and urban, and occasionally, but very rarely, also makes personal loans. One or two of these banks suffered severely in the Kreuger collapse. The National Mortgage Bank with its local branches is the most important source of mortgage loans. It is organised similarly to the German *Landschaften* with a capital of 500 million Kr. derived from the issue of bonds. There also exists a so-called Agricultural Bank, originally a semi-co-operative semi-philanthropic effort to finance the farmer, and his co-operative requirements societies, which, however, was taken over by the State and now survives as an ordinary commercial institution with a state guarantee. It never had any affiliated societies but worked through branches. Private banks are available to agricultural borrowers, but their outlook is usually purely industrial.

This leaves a distinct gap in the provision of short-term credit, other than the trading credit supplied by merchants and co-operative requirements societies alike. To meet this need a number of local co-operative credit societies have been formed from 1915 onwards, but without any central organisation for control or clearing-house purpose, since the Central Bank of 1915 appears to have been short-lived. The local societies found it hard to obtain funds and many languished. Since 1930 an attempt has been made, with the encouragement of the State, not only to co-ordinate existing societies but also rapidly to increase their numbers. The system is a threefold one, local societies affiliated to district centrals, the apex being formed by a national banking committee.

Propaganda is being carried on locally by means of pamphlets delivered to local shops, creameries or post offices, and by advertisements and articles in the local press. No further steps are

taken until inquiries reach the district central—usually over the telephone—from interested farmers. Careful inquiries are made, and as soon as it is ascertained that one or more farmers of good standing are taking the matter up, a meeting is called, a trustworthy man is invited to take the lead, and provided not less than 15 members are available, a society is formed. The services of travelling organisers from the National Committee are available, but much responsibility rests on the directors of district centrals, who must be acquainted with the character and reputation of farmers throughout their area. The number of new societies formed in 1932 was 181, or nearly two-fifths of the total.

• Membership of local credit societies is limited to farmers and a few others whose business is of an agricultural character (for example, millers). Shares are usually fixed at 5 Kr.,\* 2 Kr. paid up and the remainder due within three years. One share is supposed to be taken up for every 500 Kr. tax assessment on land values. The liability, however, is 50 Kr. One Kr. out of each share is placed to reserve. Savings are received from members and non-members on deposit or current account at varying rates of interest, that for deposit accounts being usually about  $3\frac{1}{2}$  per cent. Considerable savings have already been received in certain districts, not always those with the largest farms or most favourable natural conditions. Societies further receive a State subsidy of 4 Kr. per member for the first five years, reduced to 2 Kr. and finally to 50 öre, for subsequent periods of years.

Loans are made to members only in the form of acceptances or current accounts, (a) long-term on mortgage for an indefinite period, up to 60 per cent. of the taxable value of the farm and usually at 4-5 per cent., loans for a fixed period being rarer, or (b) short-term, from six to twelve months, chiefly on personal security but occasionally on chattel mortgage at 5-5½ per cent.

\* A Swedish Krone is roughly 18.

At first societies insisted on a declaration of the purpose of loans, but this has been dropped. Central banks may however refuse to sanction loans to which local committees have consented. In fact, much borrowing takes place for the repayment of previous loans. Strictly productive loans are generally used for the purchase of machinery. There are comparatively few renewals. The difficulties, especially with regard to security, involved in lending for the purchase of more transitory forms of agricultural requirements have led to the organisation of co-operative supply societies allowing moderate credit on these articles. The borrowing of each member is limited to 200 Kr. for each 5 Kr. share, a sum which may be borrowed from the central bank by the local.

Local societies pay 50 öre per member, with a minimum total of 10 Kr. as share capital to their district central, and hand over 20 per cent. of their receipts to the central's "security fund". The centrals, which number at present eight, are in turn members of the National Committee. This, however, is something less than a National Co-operative Bank, since it does not undertake clearing-house business. It is rather an organising centre, in which capacity it has received a limited state grant, and a channel for the transmission of credit to the district centrals. For this purpose it has received a State guarantee for credits up to 25 million Kr. It is allowed to draw on the National Bank at  $3\frac{1}{2}$  per cent. up to a total of 5 million Kr., the remaining 20 million Kr. being borrowed from private institutions and from the State Pension Fund at  $4\frac{1}{2}$  per cent. The loan of 5 million Kr. at  $3\frac{1}{2}$  per cent. is in the nature of a subsidy, compensating for the high rates of interest charged by private institutions. Savings in local banks are further guaranteed by the State up to 20 per cent. or to 500,000 Kr. per central bank. The National Committee undertakes auditing and advisory services and the central banks also give instruction in book-keeping. Clearing-house business on a small scale is carried on by the Agricultural Bank.

There were in 1932, 550 societies with 32,900 individual members, usually farmers' co-operative societies affiliated to central banks. The short term credit advances by centrals to locals amounted to 18 million Kr., and there was a further 5.5 million Kr. of mortgage loans. Savings received amounted to 9 million Kr., the balance being provided by loans on the terms indicated above. Reserves amounted to 382,000 Kr. in the hands of the centrals, and about 300,000 Kr. in those of the locals. By the end of 1933 the number of societies had increased to 600 and the membership to 42,000. The credits advanced amounted to 35 million Kr. and the deposits to 12 million Kr. The emphasis has been throughout on self-help and self-government and the financing of agriculture out of agricultural savings. The whole credit development is reported to be going well, though it is naturally arousing a certain amount of hostility among savings and private banks, and the heavy fall in prices has occasioned small losses in some districts.

#### AGRICULTURAL REQUIREMENTS

Farmers' co-operative societies dealing in agricultural requirements have existed sporadically for a number of years. The earliest were formed about 1900, and were on the simplest agency basis. Later, more ambitious organisations, of a federal character, undertaking purchase and sale and owning warehouses, were set up. Most of these societies were on a basis of extended limited liability. Not all were prudently conducted, losses occurred, and a certain amount of unpopularity attached itself to the co-operative method. A national selling organisation, the Swedish Farmers National Federation, was formed in 1905, but has had a somewhat chequered career and been twice reorganised with the help of the State.

At the present time an effort, initiated in 1930, is being made to reorganise the co-operative supply of requirements in all its



stages. The system is based on 19 central unions with warehouses. These centrals sell to local societies, usually acting as agencies, but sometimes also undertaking storage. In the North, the centrals also sell, in some cases, to individuals. Local societies, numbering about 700, are being reorganised on a basis of limited liability. Shares are usually taken up on a basis of 10 Kr. per hectare arable land. In the North, where the acreage, especially forest and barren ground, is unusually large, the basis may be personal, usually from 60 to 100 Kr. per member. Each share carries one vote, but no member may exercise more than one-fifth of the total votes, or one-tenth of those actually cast at a meeting. Participation at meetings is limited to those who have fulfilled all their obligations to the society. Shares are usually paid up over a period of three to six years. Share capital is in most cases deposited with a central society, but where the rate exceeds 10 Kr. per hectare, a portion is sometimes retained locally, and local capital is as far as possible used for local purposes. Members may also be called on for subscription up to five Kr. annually. Local societies have in most cases no paid staff, but attempts are being made to secure paid secretaries, appointed either by the local or the central and paid on a commission basis. Members are bound to purchase all their requirements from the society and are liable to a fine of 10 per cent. of all goods purchased from other sources. No withdrawals are allowed under five years. Committee members sit for two years, half their number retiring annually. Two auditors are appointed, but they need not be professional men. Profit is distributed as follows:— 15 per cent. to reserve, till it is double the society's capital; 3 per cent. to education; 5 per cent. on shares and the remainder credited to members according to purchases.

The central unions are financed by the deposit shares received from locals, at the rate of 10 Kr. per hectare arable land paid up over ten years, together with trading credits and interest on

current accounts. Credit is also derived from savings and loan banks, and centrals owning warehouses raise money on them. The constitution of the central unions resembles that of the local societies. Votes are according to shares with a maximum of one-fifth cast at any meeting. It is recommended that one qualified auditor should be appointed. The centrals are in turn members of the reconstituted National Society, in which they take a first share of 1,000 Kr., together with a further share of 1,000 Kr. for each additional 100,000 of their total turnover. These shares are two-fifths paid up and amount to 700,000 Kr. The working capital is 4.2 million Kr. Certain profits were made by the National Society in the course of its first year's trading and were converted into shares. Trading credit is provided by the State through the Agricultural Bank, an institution under semi-State control. The State also gave a subsidy for initial expenses, but there is no State or bank control. The National Federation proceeds by way of acceptances from central societies, which are then sold to the bank. Three months' credit is allowed on seed and feeding stuffs and six months on fertilisers. For a longer period interest is charged. Payments under one month are subject to a rebate. The average credit outstanding is three months. Rules resemble these for locals and centrals but a qualified auditor must be appointed.

The National Society makes contracts, especially for imported goods, though some of the centrals also import. The bulk of the commodities handled are, however, purchased from the National Federation and the unions bind themselves to purchase all their requirements in certain types of fertiliser, imported feeding stuffs, Swedish oil cakes and certain other feeding stuffs, and pay a fine of 10 per cent. of the value of outside purchases. The National Federation charges a commission of 5 per cent., from which it is possible to accumulate certain reserves. The central societies also purchase their members' grain and dispose

of it to local mills. The law providing for a subsidy to co-operative societies putting up a grain warehouse has recently been amended to include requirement societies not necessarily working on a contract basis. Several new warehouses have been built and more are in contemplation.

The National Federation reserves to itself the important right to audit and inspect the business and books of all affiliated organisations and to prescribe the methods of book-keeping.

The reorganisation is up to the present working well. The number of centrals has been increased. The national and regional organisations between them are believed to handle about one-quarter of the total trade in agricultural requirements and sell to one quarter of the farmers. The actual number of members is 35,000 and there are an additional 55,000 who trade without being members. The acreage included amounts to about a quarter of the arable land of Sweden. The members include the best farmers in the country, and in spite of the economic difficulties under which they have laboured in recent years, very few failures have been recorded among members.

The turnover of the National Federation for the period from January to December, 1930, was 17 million Kr. and from January, 1931, to June, 1932, 31 million Kr. Of this nearly half represented fertilisers and the greater part of the remainder feeding stuffs, the next most important figure being for the purchase of grain. The Federation publishes a journal and runs educational courses.

A certain interchange of services takes place with the consumers' movement in the department of agricultural requirements. The National Federation sells fertilisers to Kooperativa, the consumers' wholesale. Many consumers' societies in country districts also supply agricultural requirements to their members, but where possible they are encouraging the formation of separate

societies for this purpose in membership with the National Federation.

The most interesting experiment, however, has been the purchase by Kooperativa of a super-phosphate factory, affiliated to the fertiliser cartel, which on the expiration of its contract to that body was leased to the National Federation of Swedish Farmers for the sale of fertilisers at a reduced price. The two bodies have also established a joint Lime Society and one for the preservation of green fodder by a newly perfected Finnish process, in which dairy and pasture societies also collaborate. There is some possibility that Kooperativa may take up the supply of agricultural machinery, which is also stocked by a few consumers' societies.

#### DAIRY PRODUCTION AND MARKETING

Dairy production is one of the most important elements in Swedish farming and its importance has been increasing. The total production of milk is estimated at 4 million tons, of which about one-third is retained on farms. Of the remainder, roughly one-third is sold, principally direct but partly through creameries, in the form of liquid milk, and two-thirds as butter and cheese. In the neighbourhood of Stockholm and some of the large towns this proportion is reversed and 60 per cent.-70 per cent. is sold liquid. There were in 1930 dairies to the number of about 1,600, of which 750 were co-operative, with 92,000 members. The weight of milk worked up was 1.6 million tons, of which 80 per cent. was allocated to co-operative dairies. Non-co-operative dairies are commonly limited liability companies with producer shareholders. A certain proportion of milk is sold liquid through dairies, of the 1.3 million tons which is manufactured, the product is estimated at .04 tons butter and .024 tons cheese. The disparity in price between liquid milk, of which the retail price is 23 öre per litre in Stockholm, and manufacturing milk, which

may be as low as 6-7 öre, is considerable and threatens to lead to a flooding of the liquid milk market, especially as milk for both purposes is usually produced on the same farms.

The development of co-operative dairies dates from the eighties of last century and has been assisted by the grant of State loans for plant and premises. The tendency in recent years has been toward a growth in the size of the unit. Creameries are usually on a basis of limited liability. Shares are taken up in proportion to cows, usually part paid up so that the liability exceeds the share, and votes are in proportion to shares with an upward limit. Considerable quantities of milk are accepted from non-members who are, however, paid lower prices and are generally pressed to become members. Dairies are often grouped somewhat on the Irish system of central creameries and collecting stations and other groups are formed for purposes of sale of liquid milk in towns.

The largest and most highly organised of these groups is the so-called "Milk Central" in Stockholm. This was formed in the summer of 1915 when a co-operative group took over an existing private milk distributive business with a connection among farmers' creameries. The organisation now consists of 12,736 individual members owning about 117,000 cows and 7 creamery societies with 385 members. Shares are taken up in proportion to cows (40 Kr. per cow, 20 Kr. paid bearing interest at 5 per cent.), though the organisation considers that experience shows acreage to be a more satisfactory basis. The number of cows kept averages 20 and has diminished with the increased membership of small farmers. Votes are in proportion to shares with a maximum of 200 or 300 in the case of members acting as delegates. Such delegates are appointed by district meetings and attend general meetings on their behalf. Matters of local importance are discussed in the districts. In order to strengthen the democratic basis of the organisation, local committeemen also

exist and arrange periodical propaganda meetings. Creamery managers are almost entirely occupied with technical matters and are not expected to carry on propaganda. The organisation covers a large area, which represents the segment of a circle (Stockholm being practically on the coast) with a radius of rather over 100 miles. Within this area the milk central controls 70 per cent. of the milk produced, the actual annual turnover being in the neighbourhood of 360 million litres.\* The milk central also acts under the reorganisation scheme as a central selling agent for creameries over a still wider area. Milk is either delivered by farmers or collected by hired transport to 32 local creameries and 82 collecting stations owned by the central. Milk is paid for according to weight and butter fat content on a basis of the actual monthly receipts. In some cases, after suitable allocation to reserve, a further (bonus) payment is made at the end of the year. In a few cases money is paid in advance after the fifteenth of the month, but no advances comparable to the Irish "creamery loans" are made. Members do not enter into contracts but are bound by rule to supply; contracts are, however, entered into with the very small number of non-member suppliers. Members are loyal suppliers, though difficulty has been experienced with a few producer-retailers. These, however, can obtain permits to retail on payment of a levy to the central. The central undertakes a certain amount of manufacture and sells cheese, butter and skim milk. Pigs are also kept as consumers of skim milk which may also be returned to the farm. A considerable egg trade is carried on.

The milk central controls about two-thirds of the Stockholm milk supplies. It retails about 30 per cent. through its own shops (about 150), but some years ago an agreement was entered into with the Stockholm Consumers' Co-operative Society, by which the latter takes all its supplies from the milk central,

\* 1 litre = .22 gallon.

which refrains from opening further competitive shops. The consumers' society handles perhaps 20 per cent. of the turnover of the milk central. There is, however, a considerable proportion of retail distribution which is not co-operative, and the middle-man's margin for liquid milk in Stockholm is still regarded as high—about 23 per cent. of the total price—and has been increasing in recent years, a development which can be traced principally to the large number of small shops which have recently sprung up. The Stockholm Milk Central, however, presents probably the largest and most successful system for the wholesaling of liquid milk on voluntary co-operative lines which has been carried on in any country, and its record of collaboration with the consumers' co-operative movement is valuable and suggestive. A rather different but likewise successful experiment in this direction has been the Malmö Milk Central, formed by an amalgamation of a consumers' dairy with 85 shops, and a producers' dairy with 20. The constituent dairies are not dissolved, but each holds half the capital of the new company. The committee is formed of four representatives of each side; the dairy manager has a casting vote. Prices are based on world butter prices; both purchasing and retail prices are fixed with a minimum margin of 5 öre. Profits allocated, one third to the consumers' society, one third to the farmers' society, and one-third to a dairy development fund. Costs of distribution have been considerably reduced. The average sales are about 12,000 gallons per day.

There is State control of quality, especially water content (limited to 16 per cent.), but this and the standardisation of Swedish butter has been more especially the work of the Swedish Butter Testing Bureau in Gothenburg (now transferred to Malmö), which enjoys official status, inspects creameries, tests and confers the right to the use of the Swedish "Rune Brand". This is voluntary for home sales but compulsory for exported butter.

The Butter Testing Bureau now acts for 600 creameries. In the case of cheese, a declaration of fat content is required, 45 per cent. being necessary for "full-cream" standard and 30 per cent. for "half-cream". Considerable dairy research is carried on.

The supply of Swedish dairy produce completely meets the home demand, and there is a fairly large export of butter, amounting to about half the output. This is principally from the South and amounts to about 24,500 tons, of which half has usually found its way to Great Britain and half to Germany. A National Exporters' Committee exists, but it is not limited to co-operative creameries and does not trade. The consumers' movement has occasionally arranged exports. A provincial co-operative exporting federation has existed for some time in Skåne, but there is no national organisation. The internal price of butter is nearly double that of the export or world price, recent figures being 2.10 Kr. per kg. for the home market and 1.20 for export. There has been a recent decline in exports.

The Skåne Butter Export Federation was formed in 1906. It has now a membership of 87 local co-operative creameries in the province of Skåne. These on joining the Federation state their butter output and take up shares in proportion. Such shares are partly paid up, the remainder constituting the creamery's liability. The creameries are responsible for their own sales on the home market, but all surplus for export is sold on commission by the Export Federation. Creameries deliver weekly. Payment is made on a basis of average price for quantity and quality and at the end of the year any surplus is divided in bonus on butter received. It is also possible, though rarely necessary, to call for a levy to make good a deficit due to an unlooked for drop in prices. A weekly butter fat test is carried on and much has been done to secure and maintain a high quality product. The Federation does not cold store but sells out all stocks week by week. This has always been the



policy of the Danish creameries, but critics have pointed out that it is made easy by the level Danish supplies and the export character of all Danish marketing. The Swedish Federation, however, has to deal with a product which although not subject to marked seasonal fluctuations, is subject to sudden and sometimes unexpected variations in quantity owing to the demands of the home and especially the Stockholm market. In spite of the irregularity of the supply, quick sales and an avoidance of speculation have none the less been found the most satisfactory policy. The Federation has from the beginning of its career sold a considerable portion of its output to the CWS. Export was up to 1915 principally to England, when it was diverted to Germany owing to the difficulties of war transport and finance. After the War the English trade was gradually resumed and now accounts for rather more than half the output. In 1930 the quantity handled was 7 million kgs., for which the affiliated dairies received 17 million Kr.

It was the pressure of falling world prices which in 1932 led to an attempt to bring the promising but unco-ordinated Swedish dairy industry into a national scheme providing for price equalisation both as between liquid and manufactured and home and export prices, and at the same time for an intelligent handling and allocation of local and national surpluses. The system adopted was to prevent those dairies which previously had sent their butter to the export markets from leaving those markets and competing with the dairies selling their butter on the home market, and also to prevent the dairies sending their butter to the home market from going over to and competing in the sale of liquid milk. This was made possible by guaranteeing the exporting dairies the same butter price as that obtainable on the home market, and by transferring part of the income obtained from the sale of liquid milk to the manufactured milk industry. For this purpose a law was passed on June 30, 1932, which

came into operation on November 1, prescribing (a) a general levy on all milk sold, either liquid or manufactured, and (b) a local levy on liquid milk only. The collection of the levy and administration of the funds was entrusted to the already existing National Association of Dairies—a farmers' co-operative federation—which now represents about 80 per cent. of the total milk supply received by all dairies in the country—under the supervision of the National Milk Board, a State agency.

For the purpose of collecting the levy and controlling that payment was made in respect of all milk, all the dairies, about 1,300, dealers in milk, 900, and 70,000 individual producers (most of whom sell the major part of their production direct to the consumers) were registered. The registration was compulsory. Those registered were required to supply a monthly statement on the signatory's word of honour—of the quantity of milk received, produced or sold for consumption respectively. The difference between these quantities was regarded as milk used for manufacture. Farmers keeping less than three cows and with a daily output of less than 5 kgs., and those in mountain or forest lands, were exempted from registration and the levy.

In the case of suppliers to creameries, the creamery is responsible for furnishing this information, unless members sell large quantities of liquid milk outside the creamery, when they are required to make a separate return. The general levy, which was originally fixed at 0.2 öre per kg. but later increased to 0.4 öre (roughly 0.2d per gal.) in addition to paying for the costs of administration, organisation, propaganda and advice, was used for the purpose of securing the guaranteed butter price for the exporting dairies. The National Milk Board does not itself trade. The levy is paid through the post office. In the far north it is reduced by half. The Dairy Association has further been instrumental in forming 25 district associations, and in 5 of these a further levy has been established and is used for purposes

of price equalisation as between liquid and manufactured milk. It amounts to 2 öre per kg. (roughly about 1d per gallon), payable on all milk sold for liquid consumption. This is used to pay a bonus on butter and cheese manufactured in dairies. In a few cases where a farmer can prove that he is too far from a dairy to deliver his milk, he may receive the bonus for home production, but the provision is definitely intended to discourage farm butter and cheese making. District Boards perform a further important service in undertaking the centralisation of milk contracts, one agent being in each case appointed for all milk sales other than purely local distribution.

It was hoped that other districts might before long adopt equalisation schemes, but there was a certain amount of impatience at their slowness in doing so, and new proposals were brought before Parliament by which it was sought to substitute for the two levies a single levy including the levies for export and for manufacturing equalisation purposes which should be compulsory on all registered producers. This proposal was regarded with some doubt by those responsible for working the existing system, as the equalisation levy is by no means universally popular, the producers of liquid milk being naturally the principal malcontents. The centralisation of contracts has also roused criticism in some quarters.

As a result, however, of the experience gained during the time the above scheme was in operation, a levy of 2 öre per kg. on all milk was introduced from July 1. This levy is used for both the above-mentioned purposes. The collection of the levy is thus facilitated, and the transferring of moneys from liquid to manufactured milk can take place over the whole country and need not, as formerly, be dependent on the progress of organisation in the various districts.

From July 1 the same exemptions as previously are granted in respect of liquid milk, but in the case of milk manufactured

by the producer himself exemption from the levy is given if the quantity of milk used for this purpose does not exceed 2,000 kgs. per month.

### EGG MARKETING

Poultry keeping on a small scale is general throughout Sweden but specialised poultry farming on a large scale is rare. The total production is about 6 million long hundreds, with a value of about 4 million pounds. This supplies the whole home demand and leaves an exportable surplus which in 1930 stood at 707,000 long hundreds (value £470,000) of which the greater part came to Great Britain. The Rune Brand, originally devised for butter, is compulsory for all exports, and carries with it certain quality standards and regulations as to cleanliness, weight, etc. It is administered by the Swedish Butter Testing Bureau. Export, however, has recently declined very considerably.

Co-operative egg-collecting stations have existed locally for some time, and many dairies also receive eggs and sell them either through central egg societies or to Stockholm wholesalers. Egg marketing, however, is now undergoing a national reorganisation on lines similar to those adopted for milk. Seven central associations have been set up, each with a membership of 20 or 30 local societies, as well as co-operative dairies and, in some cases, individuals with an annual output of at least 2,500 kgs. The centrals are in turn affiliated to a National Federation set up at the end of 1932. The total membership is about 7,000.

The rules of local societies provide that they may sell eggs, poultry or feathers and supply feeding stuffs and other requirements. Members are principally small peasants. On applying for membership they state the number of hens kept and take up a share of 1 Kr. for every 25 hens. They are obliged to deliver all eggs duly stamped with their own number to the society's depot. Posters are further issued setting forth the standards

demand and the types of eggs, cracked, excessively small, etc., which are not desired. Members are supplied with a book for recording sales. Payment is made within a week of delivery. Each member has one vote. Profits are allocated 5 öre per kg. plus 10 per cent. of the remainder to reserve and the balance is distributed in proportion to eggs delivered. Deductions are made for any bad eggs included, but members are usually careful.

Shares in central associations are fixed at 20 Kr. for every full 200 kgs. delivered and are 5 Kr. paid up. Members are pledged to sell all their eggs through the central. The central usually collects weekly by lorry from all local depots and itself undertakes grading and candling and packing at a central depot. Voting at general meetings is in proportion to shares with a maximum of 10 per cent. of the votes cast at any one meeting. Profits are allocated 5 öre per kg. plus 10 per cent. of the remainder to reserve fund till it equals 30,000 Kr., 5 per cent. on share capital and the balance in proportion to eggs delivered. Eggs are sold to some extent locally in the country towns but are also exported, especially in the South, though even here exports have declined, or sold to Stockholm. Eggs for Stockholm are generally handled by the National Federation, though in at least one case a provincial central which formerly ran its own depot and shop, has abandoned it in favour of direct sales to the Stockholm Consumers' Society. Many local sales are also made to consumers' societies. The proportion of local output handled naturally varies. One central records 10 per cent. of the producers of 10 per cent. of the eggs and complete control of all "export" from the province.

The National Federation has for its object the sale of poultry produce and poultry requirements, and its members are the seven district centrals. These on affiliating state the weight of eggs and poultry handled and take up one share of 100 Kr., 20 Kr. paid up for every 1,000 kgs. They undertake to deliver all eggs

not sold locally to the National Federation and also not to buy any eggs from outside their own districts. Infringement of these provisions entails a fine of 20 per cent. of the value of the sale. Centrals exercise one vote for every share with a maximum of 10. Profits are allocated, 50 öre per kg. plus 10 per cent. of the remainder to reserves, 5 per cent. on share capital and the remainder according to the decision of the Committee. The National Federation received an initial State grant for working expenses, but it is not State controlled or permanently subsidised and is now self-supporting. It directs the flow of surpluses, largely by telephone consultations, exporting part (independent export is also carried on by the Malmö Central) and selling the bulk of the inland surplus through the Stockholm Central on the Stockholm urban market. The total turnover is estimated at 6 million kgs. (6 million Kr.) or about 7½ per cent. of the national output.

#### BACON AND MEAT MARKETING

Meat production as a distinct branch of agriculture in Sweden is almost confined to pigs. Veal and beef are definitely by-products of the dairy industry and a comparatively small sheep farming industry is designed mainly for the production of wool. Pig production is loosely linked to dairying but is also connected with arable output and imported maize. Dairy feeding, however, is on the increase. The beef and mutton produced do not more than meet home requirements, but bacon is exported to a total of about 29,000 tons, principally to Great Britain. There is a strict State examination for quality and the "Rune Brand" is compulsory for export.

A limited number of farmers' slaughterhouses and bacon factories exist, four or five being on a considerable scale and several more of small size. Membership has been estimated at about 25,000. A slaughterhouse recently formed in Central

Sweden may be taken as an example of the general constitution of such societies. Liability is limited. Shares are taken up in proportion to the annual production of pigs for slaughter and amount to 8 Kr. per pig, of which the first 4 Kr. is paid on delivery of the pigs and the rest paid up at the rate of 1 Kr. per pig annually. The share is thus normally paid up in five years but may be spread over a longer period should deliveries of pigs be smaller in subsequent years. If, however, the number of pigs is exceeded, a half-share is paid for each. One share is taken up for each calf, two for each small and one for each large beef animal. Shares bear interest at 5 per cent. Provision is made for the payment of an entrance fee, but this does not appear to be enforced. Members may not withdraw under two years. They are pledged to deliver all pigs and are liable to a penalty of 10 Kr. for every pig sold outside the society. Payment is made on dead weight and quality within a week of delivery. Directions are issued as to the manner of delivery. Sales are made locally to retailers or to agents and wholesalers in Stockholm. The annual audit must be passed by one qualified auditor, but a monthly revision is also carried on by members appointed by the society. After the payment of 5 per cent. to reserve until it equals 100,000 Kr., profits are divided among members in proportion to pig deliveries. Votes are in proportion to shares, with a maximum of one tenth of those cast at any meeting. The society in question does not own its own slaughterhouse but rents part of municipal premises. It is at present selling only pork, though prepared to produce bacon if an opening for export presents itself. The society does not handle offals. The number of pigs delivered is steadily increasing and it is hoped to develop a trade in other animals.

Other factories are run on similar lines. Shares and votes are usually in proportion to pigs, but in some "one man one vote" has been adopted. In some cases district as well as general

meetings have been instituted. Shares are not always fully paid up, a considerable balance being left to constitute a liability. The contract to supply pigs is not always strictly enforced, especially where there is a considerable local sale of pork. Payment is usually made through a bank, and in some cases farmers can draw immediately the sale has been effected. The older factories have still in many cases mortgages on their buildings, but working capital is usually derived from reserves. Occasionally there is also a bank overdraft on guarantee of members of the committee. One factory in the South of Sweden which was originally a farmers' co-operative society, got into financial difficulties and in 1925 was taken over by Kooperativa, one of its principal creditors, who invested fresh capital and put in a manager. The society has been restored to solvency and ownership practically returned to the farmers by the creation of bonus shares. The participation of Kooperativa has, however, been retained.

The supply of pigs to the factories engaged in export fluctuates from year to year, not only with the price of feeding stuffs, but also with home pork prices, which induce increased sales to local butchers. High prices also hamper its attempts at improving bacon quality through a system of graded prices.

The most important group of factories in South Sweden, five in number, have for some years been grouped in an exporting federation, "Fasa". Home sales are made by the individual factories with a certain amount of mutual consultation. Fasa confines itself to sales on the English market made on commission and through agents. No pooling takes place and many factories have retained old customers. In 1932 the output of these five factories was 260,382 pigs, of which 230,198 were exported to England in the form of bacon.

Proposals are now under consideration for the national organisation of meat marketing. At present cattle are usually sold off farms to butchers or to the agents of wholesalers. Dealers



frequently make advances, thus creating a complex problem of indebtedness. In recent years wholesale prices have fallen, though the consumers' price is still high. It is proposed that a National Federation should be set up with centrals in each district. In many cases these centrals would be formed by existing bacon factories, which would extend their operations to other animals. Municipal slaughterhouses could also be used, and there is some prospect of State loans for construction where these resources fail, as well as of funds for purposes of organisation. Beasts will probably be sold after slaughter, but the possibility of live sales of superior quality beasts on the Stockholm market has also been discussed. It has been suggested that the centrals should buy at firm prices, paying one week after delivery, but sales on commission have also been discussed, as well as the use of existing private firms as salesmen and the alternative of starting retail shops. It is believed that more than half the farmers of Sweden would be prepared to adhere to such a scheme.

Further, for purposes of exports and to relieve Skåne of the full burden of the export surplus, it is proposed to set up a new exporting organisation, including Fasa and two or three other South Swedish factories. This will be able to meet the need for organisation created by the English Bacon Quota.

### GRAIN MARKETING

Sweden has always been a considerable grain-growing country and produces about 90 per cent. of the wheat and 95 per cent. of the rye consumed in the country. This has not been maintained, however, without considerable State regulation. A State import monopoly is combined with a stiff tariff and a State guarantee of price for home grown grain and a law enforcing the use of 90 per cent. of Swedish wheat by all millers. The State further buys up in June of each year any carry-over from the

previous year's crop. This has made it possible to hold prices at practically double the world level and between 1922 and 1931 the Swedish price of both wheat and rye actually rose slightly. This has naturally put the grain farmer in an unusually favourable position but it is recognised that it may have the effect of over stimulating Swedish wheat production.

More orderly and centralised methods of selling and holding for sale have been recognised for some time as desirable. Some years ago a certain number of elevators were constructed by the State for the use of farmers, who paid storage dues but did not control the warehouse. Later a different method was tried. An Act of 1930 making available State loans for the construction, equipment and working of silos has introduced some important new elements into the law. Loans are only available to co-operative societies provided: (1) liability is limited; (2) membership is limited to agriculturists but open to all agriculturists in the district covered; (3) members agree to continue in the society five years and make a contract to sell all grain through it; (4) members pay an annual levy of 6 crowns per hectare of cultivated land toward the formation of reserve and provide working capital equivalent to 2,500 crowns per 1,000 tons of grain delivered; further, that they contribute 15 per cent. of the cost of building and installing machinery; (5) that the society deals only with members; (6) the society pays a proportion of the anticipated price on receipt of grain and the balance at a pooled rate after sale. Loans are available for a maximum of 15 years and up to 85 per cent. of the cost of building and machinery (in the case of societies dealing with non-members loans are available up to 60 per cent. of costs). They are secured by a mortgage on the property. Building loans are interest free for three years and then at 4.1 per cent. The interest on loans for machinery is fixed from time to time. Loans are also available up to one year to enable societies to hold stocks.

In 1932 the scope of the law was enlarged to admit central requirements societies to the benefits of the Act even though no contract existed between them and their members. Further, an additional subsidy was offered for elevators completed before September 1, 1933. In response to this and the previous Government offer, several new elevators have been built or are under construction.

The position of the consumers' movement and especially of the Wholesale Society Kooperativa Förbundet is important in relation to grain marketing, since it handles 25 per cent of the Swedish bread grains. It has worked to reduce the margin between farmers' and millers' prices, but attempts further to lower prices to the consumer are limited by the State fixing of farmers' prices.

#### OTHER CROPS

The considerable output of sugar beet, for which there is a State guaranteed price, as well as potatoes and the resulting sugar and alcohol industries are not organised on co-operative lines, though there are a certain number of societies producing starch.

The market gardening industry of Sweden is organised for technical purposes and for the supply of requirements. A few marketing societies have also been formed locally.

#### CO-OPERATIVE SERVICES

Co-operative societies for the supply of electricity in rural districts number nearly 2,000. There are also about 1,000 threshing societies and corn-milling, saw-milling, stone breaking, drainage, and the production of peat litter are all carried on co-operatively by some 300-400 societies.

#### CONSUMERS' CO-OPERATION AND AGRICULTURE

Several references have already been made to the participation of the consumers' co-operative movement in agriculture.

In its own societies some 20 per cent. of the members are farmers, who constitute the largest group after industrial workers, and in a few, farmers constitute the entire membership. As large millers handling a quarter of the national output, of which 80 per cent. is by law home produced, the consumers' movement is a large buyer from farmers and has further considerable quantities of millers' offals to dispose of, which are sold partly through retail societies and partly to the farmers' own organisations. Retail societies also in some cases sell manures and implements. Rural societies further purchase to a considerable extent eggs, butter and occasionally other produce from farmer members. This trade is usually made necessary by circumstances—that is the need to retain members' custom—and is undertaken unwillingly. It is not, however, on a barter basis, and cash is paid on both sides, usually fairly promptly.

The purchase of a super-phosphate factory, experiments in fodder preservation and joint control of dairies and bacon factories have already been noted in their places. A point which remains, and is of even more importance, is the general attitude of the consumers' movement to agricultural co-operation. This may be summed up as friendly but critical—friendly to the general principle of farmers' organisation but critical of much that has in the past been carried on with State backing and, it is felt, a too easy recourse to the State to make good defects in organisation. On the other hand, the consumers' movement is itself active in spreading the co-operative idea among farmers. It has been shown that the consumers' movement has itself no desire to absorb, for example, the farmers' requirement societies. Its influence has been all the time in favour of independent farmers' groups for all purposes. A book on the agricultural movement of Denmark was recently prepared by Kooperativa, and has been distributed free among Swedish farmers. Other propagandist material has followed. Study groups have been

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formed for which special instructions and sets of suitable books are issued. They have been carried on with success and the inclusion of an increasing number of farmers within the consumers' movement has not in itself been without educational influence. Latterly, however, the consumers' movement has become definitely critical of the Government's policy of raising the price of foodstuffs.

### CONCLUSION

Swedish co-operators would themselves be the last to claim that their agricultural movement has reached either perfection or finality, and the frequent references to Denmark and Finland in Swedish co-operative literature bear witness alike to the modesty and the receptive mind of the larger country. Swedish agricultural co-operation is interesting as being the result of a deliberate and carefully thought out policy, a policy which has neither disdained to learn from others nor feared to adapt to its own needs. A policy of an uncompromisingly co-operative character moreover is being put into practice now, at a time when voluntary association and democratic control are going out of favour amongst peoples and politicians whose energy exceeds their patience. Of the ultimate success of the Swedish experiment it is too early to speak. This study can only serve as a description of the principles and first results of a system which is no less important and deserving of consideration because its principles are familiar and its methods un sensational.

## NORWAY

### INTRODUCTION

THE area of Norway considerably exceeds that of the British Isles, but of the total, over 70 per cent. is unproductive or only available as summer pasture, 24 per cent. forest and only

between 3 per cent. and 4 per cent. under cultivation. Some 70 per cent. of the population is rural, and about one third actually engaged in agriculture or forestry. Holdings are for the most part small and are the property of the cultivator, though frequently mortgaged. Little hired labour is employed and money wages are low. Though not without arable production, the emphasis of Norwegian farming is on animal husbandry, a circumstance which is made plain when it is seen that the principal Norwegian imports are manufactured goods and bread-stuffs, its principal exports animal products with wood-pulp and timber. Agricultural exports and imports are, however, of a fluctuating character. At present low prices are tending to an increase in home consumption and it seems possible that a balance between production and consumption may be secured which will make Norway independent of the outside world as concerns those articles which can be home produced. At the same time, increased consumption coupled with relatively low prices is also leading to an increase of production.

The Norwegian standard of living is high, and prices are in some cases double the world level. This, and the low costs of production, have kept Norwegian agriculture in a more satisfactory position than that of most countries. Bankruptcies have been few, and though all payments of taxes, interest on loans, etc., have been slow, no measure of public relief is proposed or likely to be adopted. Nevertheless, few farms have made any profit in the last few years and in many, at least half of the family expenses (as apart from the cost of running the farm) have been met out of savings or loans, old and new.

In order to maintain the measure of equilibrium indicated and to make possible future stability, if not prosperity, a number of government measures have been adopted in the last few years, some of which are still undergoing the test of practice. Tariffs are imposed on several articles of agricultural produce. The

duty on butter, for example, is 90 öre per kg. and that on cheese 60 öre. This brings the price of foreign butter, which may be as low as Kr. 1.30 per kg. at the ports to within measurable distance of the home price of Kr. 2.10 to the producer and 2.30 to the consumer. The possibility of increased tariffs on food-stuffs and the use of the proceeds as a subsidy to home production has been discussed. Grain is specially dealt with by the establishment, in 1928, of a State monopoly for grain and flour. This monopoly is solely responsible for all imports, prohibits exports and is obliged to purchase all home grain offered to it at prices corresponding to the sale prices of flour. The same price is paid throughout Norway at all railway stations and the calling places of steamers. All approved mills are further authorised to pay a milling bounty equivalent to the difference between the monopoly's buying price for Norwegian and imported corn.

In 1930 the attention of Government was turned to the reorganisation of marketing, and by Act of the Storting a Marketing Board of seven members was set up somewhat on the lines of the Reorganisation Commissions of recent English legislation, with powers to draw up schemes for the better marketing of pork, milk, cheese, butter and eggs. Represented on the Marketing Board were the Society for the Welfare of Norway, the National Milk Producers' Union, the Farmers' and Smallholders' Association, the Traders' Association, and the Meat Central. It was laid down that all schemes were to be on a basis of self-help, but they were based on powers to direct and control the marketing of those who took part in them, while the Crown is empowered for one year at a time to order levies on the sale of such produce, on all producers, whether or not they are members of a specific marketing association. A further Act of 1932 empowered the Government to issue orders controlling the quality of agricultural produce imported, exported, or offered for sale. Orders have so far been issued relating to potatoes, cheese,

eggs, butter and honey. Another Act fixes the proportion (5 per cent.) of butter which must be used in margarine.

In all these developments, the practical working of which will be discussed in the sections to follow, the Government has been supported if not led by the Society for the Welfare of Norway, a state-aided, semi-official body, formed in 1809 and bearing some resemblance to the Irish Agricultural Organisation Society, save that its preoccupations are not exclusively co-operative. It has in fact two co-operative advisers and one each concerned with seed production, accountancy and pasture. It has an affiliated membership of 18 County Agricultural Societies and acts in an advisory and initiatory capacity on behalf of the agricultural industry of Norway.

Co-operative organisation is widespread in Norway both among producers, consumers and those carrying on small banking transactions. There is, however, no basic co-operative law, although special legislation has been under discussion for the last twenty years.

#### DAIRY MARKETING

The total production of milk in Norway is estimated at 1,200 million kgs. of which perhaps one-third is used on farms, mainly for human consumption, but also for pig and calf-rearing, and the remainder goes on to the market. Of this quantity over half is drunk liquid, about a quarter is made into butter, and the remainder into cheese or, to a relatively small extent, into condensed milk, margarine, chocolate, etc. There is a small import of milk in a manufactured form amounting to about 10 million kgs., and small and fluctuating exports. Milk production has increased since 1900, both absolutely and per head of the population. The consumption of milk per head of the urban population is about 200 litres, that of cheese 9 kgs. and that of butter only 4 kgs. with about 20 kgs. of margarine. The consumption of



all these, but especially of milk, is believed to be considerably higher in the country. It might perhaps be possible to raise town consumption of milk and cheese to the same level as that of the country, but obviously the main opportunity for increasing consumption is in the case of butter.

Of the liquid milk coming on to the market, about 40 per cent. is sold through creameries or, to a small extent, factories. Creameries rather more than cover the demand in the larger urban centres. The remainder passes direct from producer to consumer, being either supplied by producer-retailers on the outskirts of towns, or to a much larger extent by farms in remote districts out of reach of creameries. A similar proportion of butter is creamery made, about 13 per cent. imported and the remainder the product of farms. Cheese, however, is almost 90 per cent. creamery produced, and the creameries handle half the marketed milk of the country and control half the cows, though less than half the total number of farmers.

The first Norwegian creamery was opened in 1857 to make cheese on the Swiss model. Later, the Danish butter-making type was substituted. Although 91 per cent. of the Norwegian dairies are farmer-owned and 93 per cent. farmer-controlled, only about half are co-operative in the strictest sense of the term. Many of the rather dairy societies were in the form of joint stock companies with votes according to shares. Shares, however, are invariably associated with the right to deliver milk and the delivery of the member's whole output was frequently compulsory. In the early days a few non-supplier shareholders existed, local traders, idealist supporters of the movement and others, but few remain. Much has been done to educate the members, and committees are usually capable of controlling both the technical and commercial sides of the creamery's work. Societies are usually financed by share capital, which may include a fixed uncalled liability, or be combined with unlimited liability in cases of dis-

solution. Loan capital is frequently necessary and is derived from local savings banks or from the State, which has established in recent years a special fund for the assistance of dairies in difficulties. This is derived from the proceeds of nationalised church lands, some of which have been sold and the proceeds applied partly to the payment of clerical stipends and partly to the promotion of the dairy industry. Nearly all societies have considerable reserves built up out of profits and much exceeding the paid up share capital. Surplus is usually distributed in fixed interest (from 5 per cent. to 10 per cent.) on shares and the balance in proportion to business. The amount distributed in this way is frequently as much as thirty times the sum going to the remuneration of capital. Each creamery is usually independent, but in the case of large towns a number of producer-owned receiving and cooling stations frequently supply to a central dairy, the most notable example being Oslo, where half the supplies of the capital are handled by a federation of 80 local societies, formerly competitors and covering a large area. The federation has a few shops, but sells principally to retailers, all former connections having been pooled by members. Some local processing takes place, and the federation makes cheese and butter and runs a small condensary.

Originally each creamery was expected to serve a radius of not more than 7-8 kms. (up to five miles) but motor transport has now increased the figure to 20-40 kms. In such cases creameries usually arrange transport, though rarely actually undertaking the responsibility. In other cases the producers form "driving associations" and take turns at carting milk to the creamery. Skim milk is returned free to suppliers.

Since 1900 the number of creameries has decreased and their size greatly increased. They now number 614, of which 542 are country creameries. They have 41,000 members and 50,000 suppliers out of a total of 120,000 farmers. They handle about

350 million kgs. of milk or an average of 625,000 kgs. (about 120,000 gallons) per creamery. Of this, not quite half is sold liquid, a quarter made into butter, a quarter into cheese and the remainder condensed. Creameries are affiliated to the Norwegian Milk Producers' National Union.

Voluntary cow-testing associations exist in most districts and sometimes include all farms. They test for weight and fat content. Of the 650 creameries, 460 test for butter fat and bacterial count and pay standard prices only for milk in the first and second grades, lower grades being subject to price deduction. Nearly all milk reaches the first grade. A voluntary butter mark, the four-leaved clover, resembling the Danish "Lur" in quality, has been adopted and may be officially enforced for export.

The Marketing Commission already referred to was set up in 1930 and turned its attention first to dairy produce. It had been preceded by an unofficial committee of farmers' organisations set up in September, 1929, at a special meeting of interested organisations and persons. Although the position of the Norwegian dairy industry was in no sense catastrophic, it was noted that prices had fallen by at least half since 1920 and that the gap between manufacturing and liquid prices was tending to widen, prices of milk for butter making being always the lowest. In 1928 the average price of liquid milk was 26 ore per kg. (about 1s. 2d. per gallon), somewhat higher than the other Scandinavian countries and Holland, similar to Switzerland and below the U.S.A. The average price of milk used for cheese was 22 ore, and for butter not more than 4.5 ore. Since then there has been a further fall, the world price of butter and cheese tending to depress prices in all exporting countries. The presence of small and to some extent fluctuating imports and exports has already been mentioned. These vary with the years, but are to a large extent seasonal in character and mean broadly exports during the summer and imports during the winter. The year usually

closes with a small balance on one side or the other. An excess of imports means that the home price tends to approximate to the world price plus transport to Norwegian ports and tariff. An excess of exports, on the other hand, carries the home price towards the world price minus either transport or tariff. Another problem is the link between imported feeding stuffs and milk production. Nor were internal difficulties lacking. The relatively high price of liquid milk tended to over-production and eventually to a drop in price to the manufacturing level. Transport and distribution stood in need of more logical ordering ; creameries and districts competed with one another. Technical and business methods, though on the whole good, were not beyond improvement. A further difficulty was the discrepancy in prices offered by town dairies and those in the country, which has led to fierce competition on the urban markets, some times by methods of questionable fairness.

In the view of the Milk Committee, the tasks before the Marketing Commission and the industry generally were as follows : (1) to improve technical production qualitatively and quantitatively ; (2) to rationalise internal marketing ; (3) to preserve the internal price from dependence upon the world price ; (4) to maintain the home price against the demoralising effect of excess production, especially for the liquid market.

Reorganisation schemes in other countries, especially Switzerland, Scotland and the U.S.A. were studied, and recommendations made on all four points. The first was taken up by the Marketing Commission and work was set afoot for the universal adoption of butter fat payments with the necessary tests and analyses, for other quality grades and payment, for the establishment of a central laboratory for bacteriological and chemical control, a service of dairy advisers or " consultants " and the standardisation of quality marks. In addition, services are offered for the analysis of costs of production and the rationalisation of plant

and business methods, and finally for propaganda and advertisement.

For (2), the rationalisation of internal marketing, something was required at once more authoritative and more democratic than sufficed for a purely advisory service. The creameries were already affiliated to the Milk Producers' Union, but area organisation was essential. Various suggestions were made for district federations of creameries on a shareholding basis on the lines of the Oslo Milk Central, to which reference has already been made. It was felt, however, that great difficulties would arise, and a way out was found in the creation not of creamery centrals but of milk centrals based on the following conditions: (1) all producers become members of their district central; (2) members surrender the right of disposing of their milk to the central; (3) the central thus deals with individuals, not creameries; (4) all profits are distributed to members. Membership is for five years, after which members may withdraw on giving notice six months before the closing of the year. Although membership is open to individuals only, the members of creameries joining the centrals also bind the creamery to any conditions which may be laid down, and in fact transfers certain collective rights to the central. Something like 90 per cent. of the creamery members have voluntarily entered the Producers' Union, though occasional difficulty has been found in the case of suppliers to private creameries. Centrals are registered as societies with varying membership and capital and limited liability. The quantity of milk dealt with varies from 250 million kgs. to 10 million kgs. These objects are stated to be to improve the economy of milk distribution in the district and stabilise prices. No shares are taken up, but members pledge themselves to make, through their creamery, a monthly statement of quantity and destination of all milk supplied and, further, to make no sales except to the milk central or a purchaser authorised by that body. The central

is in turn pledged to accept all milk offered. In fact, authorised sales account for practically the whole output, since the central rarely purchases on its own account but arranges and registers contracts, receives and distributes payments, and, in particular, makes itself responsible for finding an outlet for such surplus to local requirements as would otherwise be speculatively and competitively sold. It may, for instance, entrust it to manufacturing dairies for conversion into butter and cheese, afterwards sold by the central.

Creameries maintain complete financial independence, but the central retains a commission of 1 per cent. on all sales in order to allow for the accumulation of a reserve fund. If other capital is needed, bank credits can be obtained by any central controlling at least 80 per cent. of the milk supply, and no state aid is sought or required. The central is governed by the General Meeting, consisting of the delegates of subsidiary local and country associations, voting according to milk gallonage. These subsidiary associations are organs of opinion rather than of business.

For the disposal of produce surplus not merely to local but to district requirements, the centrals have recourse to two bodies, the Norwegian Milk Producers' Union, which stands in relation to the centrals much as they stand to their local associations, and the Norwegian Creamery Export Society. The Milk Producers' Union is a directing agency, watching demand, sending supplies where they are most needed, preventing inter-district competition and fixing prices. The centrals pay to it a levy of 4 ore per 1,000 kgs. of milk as share capital at 6 per cent. interest, and of this, 10 per cent. is placed to reserve. The centrals vote in proportion to the milk handled.

The Export Society is concerned with actual marketing, and up to the period of reorganisation had, as its name implies, been engaged in export. It had a share capital of about 88,000 Kr. (£4,400) taken up by creameries handling about half the creamery

output of the country. An agreement was entered into by the Producers' Union and the Export Society by which the former agreed to supply the latter with the necessary dairy produce and eggs required for export or storage, and the Export Society in return agreed to place its marketing and storage facilities at the disposal of Union members, who should in turn be urged to take up shares in the Society. A joint committee was established. Through the recommendations of the Marketing Commission the Export Society obtained a State loan of 500,000 Kr. at  $1\frac{1}{2}$  per cent. for the first five years, afterwards at 5 per cent. with 10 per cent. amortisation. This sum appears to have been derived from the tariff on imported dairy produce. Its object was to allow of the construction of a large cold store, recently completed. This is felt to be the most generally satisfactory channel for state aid. Henceforth it is proposed to avoid as far as possible the export of Norwegian butter and cheese and instead cold store the summer surplus for winter use, thus also putting an end to the greater part of the import. When a surplus exists which it is actually impossible to sell in Norway at the existing tariff-protected prices, export is attempted with all possible circumspection, though frequently not without loss. One interesting outlet is the dispatch of Norwegian types of cheese to the Norwegian populations of Canada and the U.S.A.

There remains the fourth point set out by the Milk Committee—namely, the equalisation of the internal price. The method of equalisation is complex but ingenious. It differs somewhat as between centrals. The largest centering on Oslo, may serve as an example. Each creamery reports on the fourth of every month the quantity and, in considerable detail, the destination of all milk handled. These figures may be corrected the following month. Retail milk prices are fixed by a special government committee, dating from the period of the War, to whom all appeals by retailers, consumers' organisations, etc., must be carried.

Cheese and butter prices are also fixed by a committee which is partly official and partly representative of the wholesale trade. The milk centrals then fix a margin for handling for liquid and manufactured milk based not on average but on the "ideal" or normal costs of production, that is to say on the budgets of average creameries carefully considered by experts, who draw up a table of estimated correct expenditure on wages, fuel, interest on capital, depreciation, transport, taxes, etc., over the whole country.

Taking into account retail prices of milk, butter, cheese, etc., "ideal" handling margins and the estimated national output of milk for the month, together with its destination, the Producers' Union fixes a national price to the producers. This price is differentiated according to distance from consuming centres and becomes in fact five area prices. The position of the individual creamery is reached by showing in parallel columns (1) the actual receipts of the creamery after deduction of "ideal" running costs from each gallon of milk, according to the purpose for which it was used and (2) the national area price for the quantity of milk in question. Any difference between the two is paid either by the creamery to the central as levy or from the central to the creamery as bonus. The method may perhaps best be illustrated by a simplified example. Assuming that the retail price of milk is 1s. 6d. per gallon and of milk after conversion into butter 1s. per gallon, and that "ideal" running costs are 4d. and 6d. respectively, and further, that the national area price to producers is 10d. per gallon :

Creamery A sells milk 3,000 gallons, butter 7,000.

Creamery B " " 9,000 " " 1,000.

	<i>Actual Earnings less Running Costs.</i>	<i>National Producers' Price.</i>	<i>Bonus or Levy.</i>
	£	£	£
A . . .	350	416	+ 66
B . . .	550	416	- 134



These figures are adjusted so as to allow for certain losses and also to meet the running costs of the district centrals (an average of .06 ore per litre was recorded for the eastern central), and the Producers' Union. Provision is made for deductions in the case of milk below standard and certain modifications may also be claimed by creameries with an "abnormal" handling cost. Such claims, however, involve inspection constituting what is claimed as a "technical" audit of the creameries. Actual payments to members usually correspond with the national area price, though this is not legally enforced as between a creamery and its members.

Where milk is manufactured and/or sold by the creamery itself, only the balance of its accounts passes through the books of the milk central. Where, however, it sells to other trade organisations, co-operative or private, payments according to liquid or manufacturing prices are made to the central, which, however, passes on to the creamery the national average price for all milk sold. The position of the producer-retailer is that he pays a subscription, per gallon or per cow, equivalent to the levy paid by creamery members (2 ore per litre is the usual figure), he is obliged to sell at the established retail price and to deliver to the centrals any surplus for manufacturing purposes and at a manufacturing price. The milk centrals have power to impose the payment of such subscriptions on all producers, whether or not they are members, and this constitutes the only compulsory element in the scheme. It is claimed that this payment may be regarded as an insurance against fall in prices.

The purpose of the whole scheme is to make it equally profitable to produce milk for any purpose and, taking costs into account, in any place, and to define profitable as providing an adequate return which shall not unduly stimulate milk production, either as a whole or in any particular area for any particular purpose. It is still too early to judge of its ultimate success, but

developments up to the present have been interesting and on the whole encouraging.

During 1932, 638 creameries with an output of 462·6 million kgs. of milk were affiliated to the milk centrals, which also handled 58·7 million kgs. from individuals, about half of whom were not members of the centrals. A certain number of creameries in the fjord districts which have since come in, were this year outside the organisation. Of the milk from creameries, about 35 per cent. was sold liquid, about 41 per cent. made into butter, 19 per cent. into cheese and 4 per cent. condensed. The production of liquid milk, butter and cheese has increased about 5· per cent. although the output of cheese has been controlled. There has been a fall in imports and an increase in the consumption of liquid milk. Prices have been somewhat below those of 1931 but are still estimated as being 4 öre per litre (about 2½ per gallon) above the world price, and it is claimed that they are as much as 30 per cent. above the level they would have reached without organisation. The average handling costs for all purposes have worked out at 6·4 öre per litre, the butter price has been 10 öre and the liquid price 21·5 öre per litre. The fluctuations due to varying import and export have been largely avoided. The cheese price has been somewhat below the liquid price. At first some protests were made by consumers, but wages are high, although there is a good deal of short time, the dairy produce index is still below the general cost-of-living index and the consumers' co-operative societies have worked well with the scheme. Skim milk has been well utilised for pig rearing and the manufacture of whey cheese. The centrals have undertaken the supply of requirements and have inspected and controlled dairy machinery. Organisation has been approved by farmers.

The danger which remains is that of a continued increase in production following upon stability in the dairying industry and the unprofitable nature of other lines of farming. Certain checks

may come into operation. An individual production quota is unlikely to be imposed except in the last resort. But however carefully the Norwegian prices are insulated, the influence of world price can hardly fail to make itself felt even if only in a delayed and modified form. Perhaps, however, the most hopeful check on over-production is the organisation of other branches of agriculture so that they may be placed on a basis of at least equal efficiency and stability.

### PIG MARKETING

Pig keeping constitutes the most important branch of meat production in Norway, and is indeed the only one which is not a by-product of some other branch of agriculture, though it is to some extent linked with dairy production and the use of skim milk as well as with potato production and the importation of feeding stuffs. Owing to the quarantine regulations, together with a stiff tariff (37.5 öre per kg.), little importation of pig meat has taken place in recent years. Satisfactory opportunities for export are also limited, though young pigs have been sold to some extent in Denmark, and the pig industry is therefore practically self-contained. Prices are determined by home supply and demand more than by the world price level. Sales are mainly of fresh pork, but bacon has been produced to some extent, especially recently.

The number of pigs produced fell steeply between 1907 and 1918, and has since recovered, though not quite to its former level. The comparatively small imports (mainly from the U.S.A.) have followed the same curve. Consumption per head per year has consequently fallen and is estimated at 12 kgs. as against the English 20 and the German and American 40. In 1929 the total production was just under 300,000 animals. In the Oslo and Bergen districts consumption exceeded production. In all the others, but especially in Rogaland, there is an excess of

production. Eight or nine co-operative slaughterhouses and pig meat marketing organisations have existed for some years and are well placed geographically. The most important is in Oslo, formed in 1911. A number of consumers' societies also buy home killed or locally killed pigs on contract. Quality is safeguarded by a number of government control stations. Out of 205,000 carcasses tested in 1927, 186,000 came up to standard. There are several municipal slaughterhouses, and Oslo has a public meat market. There are also a few large private bacon factories keeping their own pigs.

All the existing co-operative organisations besides private persons have sold their excess to local requirements competitively on the Oslo market, either through their own representatives or through commission agents. About half the total output thus found its way to Oslo, about 16 per cent. being sold through the Oslo Co-operative Slaughterhouse Association, and the remainder through ten commission salesmen working on the Oslo public meat market. Prices fluctuate considerably during the course of the year, though the average is on the whole higher than that of the other Scandinavian countries. On the other hand, though wholesale prices have returned to the 1914 level, retail prices are still 50 per cent. above it, a circumstance which retards increased consumption. The Oslo Co-operative Slaughterhouse has done something to stabilise price levels, but up to 1930 the method of sale was characterised by confusion, competition, and unduly hurried and speculative selling; it was also not subject to any control, other than to the above-mentioned quality control, either as regards inland or foreign sales, and was expensive owing to the high charge made to cover risk.

Early in 1930 two committees were set up, one by the Society for the Welfare of Norway and the other by the Farmers' Union, for the purpose of investigating and recommending on the conditions of meat marketing. Toward the end of the year a Joint

Committee was formed and a scheme was put forward. The matter was further taken up by the Marketing Commission. A measure of assistance was obtained from the State, in the form of a compulsory levy of 1.50 Kr. on every whole and .75 Kr. on every half-pig passing through public control stations (made law in the spring of 1931) to be used for the purpose of promoting a better marketing scheme. Further, a loan of 300,000 Kr. at a low rate of interest was obtained in order to enlarge the existing Oslo municipal cold store and to build one at Stavanger, the port of Rogaland, the principal pig-district for the use of co-operative marketing associations.

It was seen, however, that in order to control the key market of Oslo, it was necessary to enrol all pig producers as members of a national organisation, even if they were not members of local co-operative slaughterhouses. Consequently, the Norwegian Meat Central was formed in 1931 and began operations early in 1932, with the object of regulating the home market, improving quality, standardisation and commercial methods of sale, both in the home market and abroad, by centralisation minimising overhead charges. The central reserved to itself the right to handle other types of meat at a later date. It is registered as a society with variable capital and membership and limited liability. The scheme is financed by the pig levy together with entrance fees and a loan at a low rate of interest. Members are divided into two classes, collective members—that is, local co-operative slaughterhouse and consumers' societies handling pigs, all of which have readily joined the central—and individuals, not members of the above, who pay as an entrance subscription 50 ore for every pig over four months old on their farms. This may be deducted from the price after slaughter. Members are left free to effect local sales but are pledged to sell to the central or to a purchaser indicated by it, all pigs destined for the Oslo market or for export. The penalty for contravention of this rule is not

less than 50 Kr. per pig. Membership is for five years, after which it may be terminated on six months notice. The organisation is governed by a general meeting, to which each district sends representatives with votes according to the number of producers. Direct and indirect members have the same rights. All sales must pass through the Oslo Municipal Market, but the central may enter into contract with private firms for the disposal of meat, thus spreading the risk. The Oslo Meat Market may not accept Norwegian pigs from other sources. It was hoped to reach an agreement regarding foreign pigs handled by the commission salesmen. Local slaughterhouses may be allowed to sell on the Oslo market provided their sales are approved and the price fixed by the central is observed. They may also undertake manufacture. Individual suppliers are urged to become members of slaughterhouse societies, and everything is done to ensure that these work to capacity, including a policy of discouraging the sale of weaners to foreign countries. Competition between them is of course eliminated. They are also encouraged by a system of bonus payments for reputation and quality. The price is in fact based on a fixed price at Oslo, from which fixed handling costs and commission are deducted, and to which bonus may be added. It is calculated that 3 per cent. should not only cover costs but provide a margin for the support of export and possibly the payment of bonus. As far as possible the flooding of the Oslo market will be avoided, the principal need being some attack on the disparity of prices between Oslo and other centres. A higher levy on Oslo sales has been proposed.

It is recognised that some export will be necessary, but that sporadic exports can never compete with countries like Denmark. It can only result in a drop in prices which will reduce production to the requirements of the home market or below, with the resultant invitation to imports. It is therefore considered per-

missible to subsidise export for a few years. The grant of 300,000 Kr. for the construction of export slaughterhouses with bacon manufacture and cold storage facilities has already been referred to, as has the levy, part of which is earmarked for the promotion of export. Propaganda advertisement and ampler statistics are all needed and can now be supplied. It is not proposed that export should be centralised but that local slaughterhouses should export where possible and should also accept supplies for export consigned to them on a contract basis by the meat central which accepts the risk in the case of its own surpluses. This applies especially to the Oslo and Stavanger centres which have an agreed policy. An enhanced price for factory killed pigs is another method of improving export quality and reputation. The whole policy and finance of the export slaughterhouses is however supervised and controlled by the meat central. Salting and other types of processing have also been discussed.

It was agreed that the new Central must control at least 80 per cent. of the pig meat produced. Propaganda committees were set up in each school district. In a few months 80,000 producers or about 90 per cent. of the total had been organised. The number has since risen to 90,000 and includes practically all pig producers, large and small. Severe opposition was encountered from the middlemen on the Oslo market and the promoters of reorganisation had to face a press campaign and a good deal of political opposition. This, however, appears to have been overcome. The principal danger remaining is that of over-production, and it is possible that legal means may be found to regulate and reduce production, the first limitations being made in the case of private bacon factories producing pigs under "factory conditions" on imported feeding stuffs and without relation to the milk and potato industries. Production of this type will probably also be checked to some

extent by the quality test to be administered by the Meat Council.

### Eggs

The reorganisation of egg marketing presents rather more difficult problems than those of dairy produce or pigs. The poultry industry of Norway is not highly developed from a technical point of view. Nearly all farms keep a few hens. Many sell eggs, at least in glut periods. Few keep poultry on a large scale or take special pains to keep up winter production. The total production of the country is estimated at 16,000 tons, of which 1,500 are exported. This export of under 10 per cent. is, however, sufficient to decide the price which, not being artificially sustained, as in the case of other commodities, has fallen to the world level. There are between 400 and 500 local egg circles or collecting stations linked up in district centrals, most of them dating from about ten years ago. They do not, however, include more than about 15 per cent. to 20 per cent. of the producers, and there are considerable difficulties in the way of increasing membership.

The position has been considered by the Department of Agriculture and also by the Marketing Commission, whose terms of reference have been extended to include eggs. It has been decided that standardisation of quality and packing must accompany attempts to improve the commercial process of marketing. Proposals are being considered for the reorganisation of the eight existing centrals, for a levy on producers, powers to enforce which have already been obtained, and for a membership campaign. A national organisation exists but will probably have to play a more active rôle. Work is slow, since by no means all the existing centrals are in agreement with the program, the danger of over-production being the principal objection urged against it.



## CREDIT AND THE SUPPLY OF REQUIREMENTS

Mortgage credit is available through two State guaranteed institutions, the Norwegian Mortgage Bank and the Norwegian State Bank for Smallholdings and Dwellings. There is also a Co-operative Mortgage Bank, the Norwegian Credit Association for Agriculture and Forestry.

The demand for short- and medium-term credit is usually met by savings banks, of which there is usually one in each parish. They make some mortgage loans, but most frequently lend on personal security, usually for five years with the option of a postponement on every second instalment, actually extending a loan up to ten years. Loans are also made on cash credit terms.

These savings banks are practically co-operative institutions and profits are either paid out in interest on members' shares or used for collective purposes. The banks are not State supported but their method of operations is subject to State control. They number 627 with total deposits, not all, however, from farmers, of 2,495,255,000 Kr. (about £125,000,000).

In addition, farmers obtain considerable trading credit, usually for short periods, through the societies for the supply of requirements. These have been described in a previous *Year Book*. Here it is only necessary to recall that there are six centrals for this purpose with 2,174 branches, 110,000 members and a turnover of about 4½ million pounds.

## THE CONSUMERS' CO-OPERATIVE MOVEMENT

The consumers' co-operative movement is very closely linked with agriculture and rural life. The majority of its members are either farmers, smallholders or farm workers. The larger farmers are also members of creameries, bacon factories, etc., but smallholders, especially those who are wage workers, usually deal with the consumers' movement entirely. The consumers'

societies have, in order to meet this need, established special purchasing centres for eggs, butter, sæter cheese, meat, etc. Such produce is sold locally as far as possible and the balance passes to the urban consumers' societies or to the agricultural centrals. The quality, however, is frequently indifferent, and regular egg grading would greatly help the societies.

As previously mentioned, the savings banks do not meet all the demands for short-term credit, especially from the smaller farmers. The consumers' movement allows a considerable degree of credit business, the usual terms being thirty days with a discount on earlier and interest on later payment. The credit outstanding for the whole movement (with a turnover of 105 million Kr., or £5,250,000) is between two and three weeks, but in purely rural districts it is considerably higher. Some societies, however, maintain strict cash, and dairy districts are fairly good payers. Small societies are the worst offenders, suggesting that management as well as agricultural conditions has a good deal to say in the matter. Barter or payment in kind on both sides is frequent and unavoidable.

Relations between the consumers and agricultural co-operative movements have always been good. For the past five or six years a joint commission has existed which discusses new legislation, taxation proposals, etc. It is interesting to note that the consumers' societies anticipated the assistance of the Farmers' Party in defeating a proposal to tax consumers' co-operation alone. Their efforts, however, were unavailing.

At the two-yearly Congress of consumers' societies held in June, 1933, special proposals were put forward for harmonious working with the agricultural movement. The consumers' societies agreed to sell all possible produce through the farmers' organisations and to dispose of the remainder through the Co-operative Wholesale Society. On the other hand, the societies ask that the quality may be raised and standardised packing,

etc., adopted. An interesting proposal relates to the marketing of wool, which has never hitherto been co-operatively handled. At the time when the Farmers' Party had formed a Government it was proposed that Norwegian woollen mills should be obliged to purchase a quota of home-grown wool, but this was never carried into effect. The farmers' organisations are now attempting to standardise the wool produce and the consumers' organisations are represented on the body concerned. It is further proposed that the consumers' movement should set up collecting stations in connection with their stores, at which wool will be graded and packed and further woollen mills and factories, especially for the manufacture of underclothing, at which the finest grades of wool will be used.

#### CONCLUSIONS

The Norwegian system demonstrates very clearly what can be done to stabilise agriculture in a community where all the factors can be brought under control. On the foundation of a balanced national economy, a self-disciplined agricultural industry has met with a Government ready to apply the resources of tariffs, State purchase, subsidy, and that touch of legal stiffening which converts a voluntary co-operative movement into an instrument of public control. Such results are not obtainable, perhaps not desirable, in every country. But the Norwegian scheme itself is neither original nor a panacea. It is the product of study, observation and adaptation and its character and results provide in turn material for study by those who are facing the problems of agricultural marketing in other countries.

#### DENMARK

The general system of co-operative organisation in Denmark is probably the best known in the world, many excellent books

have been written on it both by natives and by the delighted foreigner. The fundamentals are familiar and require no repetition. They are known not only to the co-operative student but also to the general public, with whom co-operation and Denmark have become ideas associated with an almost irritating intimacy.

This very familiarity, however, has meant that certain questions have been asked by critics, both friendly and hostile, concerning the Danish movement, and asked the more because, in the minds of most of the querists, Denmark represents the typical co-operative form. A question which has been put with some insistence is, How are the Danish farmer and the Danish co-operative movement financed? Has not extensive State aid been forthcoming or, failing that, is not the co-operative movement completely in the hands of private banks whose position reduces democratic control to a form? A question more often heard within the "movement" than from outside economists, though it should be of interest to all concerned with the economic structure of a community, deals with the relations between the agricultural and consumers' movements of Denmark. Thirdly, it has of late been frequently asked how the Danish co-operative movement has stood the strain of the present world crisis in agricultural prices, whether it can claim to have provided a solution for such a crisis or, more modestly, whether it has had to alter its system to meet the conditions of the last few years and, more particularly, the British tariffs and quotas. All these questions are to some extent involved with one another and cannot be answered separately.

#### THE POSITION OF THE FARMER

Danish agriculture has for many years been based and based securely on two things—a prosperous industrial population in Great Britain and to a lesser extent in Germany and free access

(relatively free in the case of Germany) to both these markets. The home market is unimportant. The presence of markets in which prices were for many years high either owing to prosperity or, during the war years, to scarcity, has led to a costly and highly capitalised production. This was reached by two roads. In the first place returns were high enough to make worth while any expenditure which would increase the output of the limited Danish acreage and the relatively unfavourable Danish soil and climate. The result was the much admired technical development of the last fifty years—scientific breeding and feeding, use of artificial fertilisers and imported feeding stuffs, introduction of machinery and general excellence of farm buildings and appliances. Much of this was carried out on borrowed capital, a perfectly justifiable development once the continuance of industrial prosperity and free trade is assumed. In the second place, farming was a profitable opening and consequently attractive. To meet the demand for holdings, large estates were broken up, especially in the period after the war, sometimes privately, sometimes by government. On the part of the State there has been for many years a deliberate social policy aiming at the multiplication of peasant holdings. All such new holdings were purchased and equipped on mortgage credit. Sometimes this took the form of an instalment payment to the State, more frequently the land was purchased through private Mortgage Credit Institutions which, though not co-operative, have to some degree a mutual character. In addition to the creation of new holdings, many farms changed hands, especially about 1920. Retiring farmers in Denmark usually transfer the farm to their sons in return for a money payment or, failing sons, they may be sold to any purchaser. In most of these cases a mortgage has been involved, always from a private institution. It may be noted that co-operative credit societies in the German sense scarcely exist in Denmark, their place being taken by local

savings banks, not purely agricultural in character and occupied rather more with deposits than loans.

Danish agriculture has been caught by the agricultural crisis in its cruellest form. Entirely dependent upon the world market, the Danish farmer has to face an unprecedented fall in price coupled with partial, or nearly complete, exclusion from the markets for which he has built up his industry and on which he has depended for nearly two generations. No alternatives either at home or abroad present themselves. At the same time his working costs are very high and are coupled with a heavy burden of mortgage charges and a fairly high level of taxation. Under the circumstances it is not surprising to learn that the payment of interest, loan instalments and taxes have all slowed down and that, on a rough estimate, 20 per cent. of the farms are actually insolvent and would be sold up if there were any prospects of finding a purchaser.

Steps have been taken to meet this position partly by the farmers individually and partly by the State. The delay in paying taxes and other charges is, of course, itself a method of shifting the burden, a tendency which is also shown by the increase in the average credit outstanding in societies selling agricultural feeding stuffs, an increase of from one to three weeks. A more reputable expedient is the attempt to cut down other costs of production. This has taken the form of economy in imported foodstuffs. Tillage is increasing and there has been a sharp decline in milk output—perhaps 10 per cent.—due possibly to some extent to the reduction in the number of cows, certainly to a reduction in feeding. Further, fewer young animals, both calves and pigs, are being reared. The use of savings is also, of course, playing a part in making possible the continuance of agriculture and rural life.

The State has intervened to reduce taxation, to suspend for two years all payments due to credit institutions, a State guarantee

being given for ultimate payment, and to reduce the rate of interest for such loans from 4 and 5 per cent. to  $3\frac{1}{2}$  per cent. In estimating the benefit of the last two provisions it must be borne in mind that the principal investors in the credit institutions are the local savings banks, which in turn are based on farmers' deposits.

None of these measures are calculated to offer a final solution, but before the future of Danish agriculture can be considered, it is necessary to turn to the co-operative movement.

#### THE POSITION OF THE CO-OPERATIVE SOCIETY

Danish co-operative societies, with the exception of a few urban consumers' societies, are organised on a basis of unlimited liability. The creameries at their formation did not require even a nominal subscription from their members. Fortified by their unlimited liability, they were able to obtain all the necessary capital on loan from private banks. Gradually this loan was paid off out of profits. If any member retired while a loan was still outstanding, he was required to pay an equitable share into the common funds. After the loan is completely repaid, new members are charged an entrance fee. There is no State aid and at no time does the bank exercise any control over the society which has obtained the loan. This is also the case in bacon factories and egg-marketing organisations.

Societies for the supply of agricultural requirements are organised separately for each commodity (feeding stuffs, fertilisers, seeds, etc.) and are on a federal basis. In local societies, liability is unlimited. In the centrals it consists of a guarantee of (as a rule) 2 Kr per cow. Trading credits are obtained by means of an overdraft, usually on a private bank, in those cases where the society's liabilities are not covered by its own accumulated reserves. Finance has been simplified by the maintenance of prompt payment. Even at the present time an average of three weeks' credit is recorded by a central institution for feeding stuffs.

A Co-operative Bank with a membership of societies, both agricultural and industrial, as well as of individuals, principally farmers, was founded in 1914, failed in 1924 and was reorganised in 1926. It has a capital of 4 million Kr. which it is hoped to increase to at least 10 million. Its principal shareholders are the Consumers' Wholesale Society, several large bacon factories and other large trading organisations, and the capital is derived from co-operative reserves and individual savings. It does not receive the deposits of trade unions (as in England) as these are placed with a special workers' bank. The Co-operative Bank exists to promote co-operative trade and already undertakes considerable business. The large agricultural exporting and importing societies do not make sole use of it, partly because they regard its resources as too limited and more because it has no foreign connections. This latter defect it is proposed shortly to remedy.

The three main products of Danish agriculture are butter, bacon and eggs. All three have been affected not only by the fall in prices but also by the prohibitive German tariffs and the British tariffs and quotas which, though milder in themselves, affect a larger volume of produce. The first stage was opened in February, 1932, with the imposition of an *ad valorem* duty of 10 per cent. on all Danish exports to England, with the exception of bacon and ham. This was followed in November of the same year by a temporary bacon quota arising out of the Ottawa agreement and reducing Danish imports considerably below the figure of recent years. In April, 1933, the Trade agreement between Denmark and Great Britain was signed, though its provisions did not replace the arrangements temporarily in force until some months later. The agreement is for three years. It provides that there shall be no duty on bacon or ham but that the 10 per cent. duty on butter and eggs shall be continued. The quota for bacon and hams shall be not less than 62 per cent. of the total



permitted foreign imports, a figure which was expected to be not much below that of the last two or three years. The total imports of butter were fixed at 2.3 million cwt., rather below recent imports, and those of eggs at 2.3 million gt. hundreds or 38 per cent. of the total.

The first commodity to be reorganised on the Danish side has been bacon. The industry is almost entirely dependent on the British market, in former years not more than about 7 per cent. of co-operatively slaughtered pigs being consumed at home. Two central organisations of bacon factories had existed for some time—the Danish Bacon Company, an association of 15 co-operative factories selling on the London market, and the Union of Danish Co-operative Bacon Factories, a more comprehensive body which, however, has not been engaged in trading but in the purchase of factory requirements, insurance and consultative services. It was to this body that the execution of a scheme for the rationing and ultimately the reduction of production was by law entrusted.

From November, 1932, it was laid down that all bacon for export to England must be sold through the Union, which thus became the agent of 62 co-operative and 23 private factories, the latter including those owned by the C.W.S., which from the Danish point of view rank as private. All these surrendered their own connections, though everything was naturally done to leave the customary channels of trade as undisturbed as possible. Sales on the home market were in no case affected; these, in fact, are quite unorganised and frequently competitive. The Union purchases bacon at a fixed price, fixed weekly, sells the full quota week by week to England and disposes of the remainder, frequently at a loss, to other countries.

Such a scheme would be financially unworkable without two further provisions—price equalisation and limitation of production. The first is achieved by a levy of 2 Kr. on every pig

slaughtered, which is used to make the price of all exported pigs up to the English level. Reduction of output was applied first to the factories, the quota being allocated weekly amongst them. The allocation was based on statements of the week's killing, together with the stocks held at the factory. In the case of individual factories cuts were severe, sometimes amounting to as much as 50 per cent. By this means production has been considerably reduced and in the first three months of 1933 was little more than three-quarters of the total for the same period in 1932. At the same time, the contention that a limited and saleable output of high quality pigs is preferable to a large production which has to be forced on the market, was amply justified by a rise in prices of nearly 50 per cent.

Regulation of factory output was not, however, sufficient if the individual producer was to be left unfettered and, consequently, in April, 1933, a new regulation was introduced for the limitation of pig production on the farm. Danish pig producers number about 220,000, all of whom were required to fill in a form giving full particulars of their business. A permitted output of pigs was then worked out for each, the figure being based on eighteen separate factors, including last year's production, value and area of farm, number of cows kept (4 pigs to 1 cow is considered a suitable ratio), skim milk available, etc. A provisional reduction based on rough calculations was enforced in the spring to check the rush of pig production. The scheme when fully worked out was expected to provide for a total reduction of about 20 per cent., which might amount to as much as 50 per cent. in the case of individual farms. It was to be carried out as from July, 1933, the method adopted being the issue of tickets for every authorised pig, without which none would be accepted at full price by the factories. Farmers are not prohibited from producing larger numbers of pigs, but these will only be accepted

at half price, probably for local sale. It is hoped to couple improved quality with the decrease in quantity.

Limitation of output is naturally unpopular, though it will no doubt be loyally carried out. The compulsory centralisation of exports to England is also cordially disliked by the factories concerned, and for all its apparent co-operative advantages it is thought that it would hardly survive a relaxation of the conditions which have made it necessary.

No definite step has yet been taken to regulate the output of the Danish dairy industry, but the difficulties of the position are rapidly increasing. Not more than 7 per cent. of the total output has been consumed at home, and though a slight increase has taken place at the expense of margarine and further progress may be made in this direction, possibly through legislation, to enforce the use of a proportion of Danish butter in margarine, the fact remains that the industry is almost entirely dependent on a contracting export market. As is well known, it is organised in some 1,500 creameries on whom it is hoped that some regulation of output may be enforced without recourse to the State, and that this may in turn react automatically on the output of the individual farmer. A possible danger would appear to be the flooding of the liquid milk market where creameries already compete with one another for the urban trade.

Poultry keeping is not a specialised industry in Denmark, but most farmers keep hens. About a quarter are organised in co-operative circles and there is a central marketing organisation which fixes prices and, apart from limited sales to Copenhagen merchants, exports all eggs which come into its hands. Until recently about 60 per cent. went to England and a considerable quantity to Germany. In recent months the German market has been almost cut off by heavy duties and the English has weakened owing to the fall in purchasing power. New markets have been sought in other countries.

## CO-OPERATION AND THE FUTURE AGRICULTURAL SYSTEM

As might have been expected, the Danish co-operative has proved itself equal to dealing with the mechanical problems of the crisis. The regulation of the output of bacon has been handled with remarkable swiftness and, it would appear, success. The dairy industry has resources for a similar action, and even without it has maintained the level of prices on the English market at what is under the circumstances a very creditable level. With regard to the societies themselves, their position is universally sound and there is even reported a healthy increase in co-operative undertakings, especially consumers' societies, a point to which a return will be made later on. The survival undamaged of the co-operative societies may be attributed not a little to the combined strength and elasticity of their financial position, to the fact that they have no share capital and are cheaply financed by reserves together with bank overdraft, which can decline with the decline in trade. Something also must be said for the interlocking of co-operative business which allows, for instance, the local requirements society which has difficulty in collecting a debt, to apply to the creamery of whom the defaulter is a member, and to claim payment from the milk money due to him.

There are limits, however, beyond which the soundness of the co-operative movement cannot assure the prosperity of the farmer. Run as the Danish movement is run, co-operative bodies exist essentially on a basis of commission for services, and provided value of business passing through their hands does not fall so rapidly that they cannot adjust their running costs to the new conditions, high or low prices and large or small output should be relatively indifferent to them. At least it is not beyond the power of good organisation to arrive at such adaptability. Such a conclusion, however, is of little comfort to the farmer on whom ultimately falls the full burden of lowered prices and

reduced output. It is not the survival of the Danish co-operative movement but of the Danish farmer or, more accurately, of Danish dairyman-cum-pig-keeper, that is at stake.

This turns upon three factors: the level of world prices, the costs of production, the discovery of outlets other than the British markets. The first is incomparably the most important, but it may be better first to see how much can be hoped from the other two.

Something has already been done to reduce fixed charges on agriculture, but the cessation of loan payments can hardly be more than temporary, and as has been indicated, all these measures are liable to unexpected reactions, either more or less direct, through farmer investors in credit institutions or, more deviously, through the impaired consuming power of some section of the Danish population. The replacement of imported feeding stuffs by tillage would seem an undoubted economy. Not more than one-third of the Danish farmers are members of requirements societies and possibly something more might be done in this direction. Consumers' societies also might be more numerous and better patronised among the rural community. An actual increase in societies, membership and purchases is reported, though here the problem of credit has been considerable and it has not been possible to come to any arrangement with the creameries such as has smoothed the path of the requirements society collecting debts. In spite, however, of the developments indicated, it is still held by competent authorities in Denmark that the co-operative organisation of one country, however well developed, is incapable of bringing down the price level of consumable goods—the combined living and producing costs—to a level which would make profitable the production of agricultural commodities at the new level of agricultural prices.

Given such a state of affairs the search for outlets alternative to the English market does not appear very hopeful. In most

markets the price is definitely below the English level, they are useful only as an alternative to a complete cessation of production in excess of English demands, and as far as pig meat in the European markets is concerned they are definitely subsidised from the English price. The Danish home market is in a slightly different category. Although not free from foreign competition it is more at the disposal of the home producer than any other. It has a price level which, taking transport into account, is relatively high compared with other, non-British markets. It is to a fair extent co-operatively organised and by societies which are in friendly touch with the agricultural producers' movement. The diet of the Danish people may be capable of certain modifications to the advantage of the home producer. The rumour that the Danish dairy farmer feeds his household on margarine has been long current in England and has been treated, rather undeservedly, as a kind of skeleton in the co-operative cupboard.

Certain developments are in fact taking place on the lines indicated. As described in the *Year Book of Agricultural Co-operation 1933* an Emergency Co-operative Congress was called in 1932 and laid down certain lines of joint work between producers and consumer organisations. The possibilities, however, are limited. The Danish consumers' movement is largely rural in character and has little outlet for milk or other agricultural products. Something has been done in replacing margarine with home-produced butter and dairy reports couple increased home production with falling exports. A small proportion of eggs are also bought and the home consumption of Danish pig meat has increased to about 20 per cent. of the reduced total, though it is not certain how far this is through co-operative consumers' societies. A proposal has been put forward for the opening, by the consumers' movement, of special stores for the sale of agricultural produce, a proposal which indicates the exclusively "grocery" character of most existing societies. All such trade,

however, has well recognised limits and at least at the present period of low consuming power it seems likely that these limits have been nearly reached.

The conclusion would appear to be that though co-operative organisation is doing all that lies within its power and may still make available certain palliative adjustments of Danish economy, the future of Danish farming, as we know it, depends on the possibility of restoring world prices to something approaching their former level. Failing this, Danish farming, in the opinion of good authorities, may survive in its present form for perhaps another two years. After that a complete change, technical, commercial and probably also fiscal, is almost inevitable. Already a new radical farmers' party has been formed, which demands the suspension of all payments by farmers, together with a system of high protection. Market gardening and intensive farming are on the lips of economists. Reliance on internationalism and free trade, more especially the free trade and internationalism of Great Britain, has failed. Failing the more or less jesting proposal of inclusion in the British Empire, heard in Denmark, or, as we might more courteously put it, a Return to Canute, Denmark may yet see a reversion to subsistence farming, coupled with the intensive cultivation of a highly protected home market and a national economy approximating to that of the other Scandinavian countries. Such a change would, from the point of view of world economy and world food supplies, seem to be an occasion for regret. It would involve the scrapping of much plant, capital, acquired knowledge and experience, but if it has to come it cannot be doubted that the Danish co-operative movement which has already led one national economic revolution will be capable of carrying through another with the maximum of efficiency and the minimum of loss.

# FRENCH AGRICULTURAL CO-OPERATION

BY  
LOUIS TARDY

FRANCE is essentially a country of small and medium-sized holdings, and the development of co-operation has shown itself to be even more indispensable there than in other countries, since it is by the application of the principles of social solidarity and by grouping themselves in mutual and co-operative institutions, that small and medium agriculturists can make good the inferiority of their position and benefit by the advantages which are the prerogative of large-scale undertakings.

Co-operative and mutual agricultural institutions may be classified in four main categories: Mutual agricultural credit banks; co-operatives for production and processing; mutual agricultural insurance societies; co-operatives for joint sale and purchase.

## MUTUAL AGRICULTURAL CREDIT BANKS

The organisation of agricultural credit in France is of three orders: local banks, whose sphere is generally that of a commune; regional banks, which unite the local banks of a department, and finally, the National Bank, whose activities extend throughout the country.

The mutual agricultural credit banks put at the disposal of their members in the form of loans at moderate interest, the capital which they require for the acquisition and development of their holding. The members of agricultural credit banks include not only individual agriculturists, but also agricultural



associations, and notably, co-operative societies for production, processing, storage, purchase and sale.

On June 30, 1933, there existed 98 regional banks, with 6,162 local banks, to which were affiliated 540,000 agriculturists. To this should be added 550,000 families of agriculturists affiliated to agricultural co-operative societies and more than a million and a half agriculturists belonging to agricultural syndicates, who benefit indirectly from the agricultural credit provided.

The Law of August 5, 1920, which governs mutual credit and agricultural co-operation, allows the agricultural credit banks to make loans to their members on short term, medium term and long term, both of an individual and collective character. Short-term loans are intended to facilitate the payment of current working expenses such as those required for the purchase of manures, seeds, implements, etc. The total of such loans outstanding on June 30, 1933, was 1,074 million francs.

Medium-term loans are specially intended to allow for the purchase of live- and dead-stock and are granted for a period not exceeding ten years. On June 30, 1933, the medium-term loans outstanding amounted to 1,009 million francs.

Individual long-term loans are intended to facilitate the acquisition, improvement, alteration or reconstruction of small rural holdings. They must not exceed 60,000 francs and are repayable in not more than twenty-five years. On June 30, 1933, the total long-term individual loans outstanding amounted to 1,066 millions, of which 316 were granted to ex-servicemen and civilian victims of the War.

Collective long-term loans are intended to allow co-operative societies formed by agriculturists to carry out the construction of buildings and the installation of plant which they require and which call for the utilisation, and consequently the tying up for a long period, of considerable sums. More than 3,600

co-operative agricultural societies have obtained loans of this type, the total for which exceeded 343 million francs on June 30, 1933.

On June 30, 1933, the total loans made by agricultural credit banks receiving advances from the State, amounted to 10,770 millions. Repayments exceeded 7,276 millions, and loans outstanding at that date amounted to about 3,494 million francs.

The National Agricultural Credit Bank, the formation of which dates from the Law of August 5, 1920, is the central organisation for agricultural credit. It is a public institution possessing administrative and financial autonomy, which employing banking methods, can rapidly put at the disposal of the regional banks such advances as are necessary for their work. It is entrusted with the allocation of agricultural credit, the co-ordination of the activities of regional and local banks, and in a general way with supervising the application of all legislation relating to mutual credit and agricultural co-operation.

Agricultural credit institutions afford a very valuable assistance to the agriculturist, notably in providing him with the funds which he may temporarily lack, owing to a difficulty in disposing of his produce. In the last few years in particular, they have assured the financing of the grain harvest, making it possible for producers to undertake storage and orderly sale.

#### CO-OPERATION FOR PRODUCTION AND PROCESSING

Agricultural productive co-operation is represented in France principally by societies for the joint processing of agricultural produce which are often at the same time marketing societies ; and by groups for the joint use of agricultural machinery, particularly for threshing.

Such societies allow the agriculturist to carry out under the best conditions, and at low cost, the processing of their produce, thereby considerably increasing its value. The resulting article

is more uniform, of superior quality and, consequently, more saleable. Finally, only co-operative groups are able to make profitable use of the by-products. At the present moment their number exceeds 5,600.

Co-operative wine cellars offer great advantages to small and medium wine growers, whom they release from the very heavy burden of purchasing and maintaining costly wine-making plant. Further, thanks to their perfected apparatus, they obtain wines of uniform character and of a quality which suits the taste of consumers, while they are able to provide for their storage under the best conditions. The important part played by co-operative wine cellars is witnessed by their storage capacity, which amounted to nearly 5½ million hectolitres at the end of 1932.

The co-operative wine cellars have formed several unions and national and regional federations to study and defend the economic interests of their members, and to seek for new markets. Among the regional unions especially worth mentioning in the South, is the Federation of Co-operative Wine Cellars for the Departments of Hérault, Gard, Pyrénées-Orientales, d'Aude, Vaucluse, d'Ardèche and Bouches-du-Rhône, as well as the Federation of Wine Cellars of Côte d'Or, which includes 15 societies, the Federation of Maçon with 25, the Central Federation, which unites the societies of the Departments of Indre-et-Loire, Loir-et-Cher et du Loiret. Finally, there has recently been founded a General Federation of Co-operative Wine Cellars, with a membership of 228 societies, producing 2 million hectolitres of wine.

Co-operative wine distilleries are the natural complement of co-operative wine cellars, since they make it possible for wine growers to extract the maximum profit possible from wines of poor quality and from the residue grapes. The development of such societies has been remarkable in certain departments such as Loir-et-Cher, where 43 co-operative distilleries have been

founded in the last seven years, and in Var, Hérault, Pyrénées-Orientales, and Rhône.

Co-operative beetroot factories have been formed in various districts, particularly in the North of France, where beetroot occupies an important place in the rotation of crops.

Cheese-making societies of various types form the most numerous class of co-operatives for processing and joint marketing. They exist principally in the mountainous districts of the East, in Jura, and in Savoy. Co-operative dairies and creameries selling milk liquid, or after its manufacture into butter, are, on the other hand, numerous in the western area and in the neighbourhood of Paris. It can be estimated that 14 per cent. of the total French production of milk is handled and sold by these co-operative societies. In certain departments where co-operation is well developed, this proportion has been considerably exceeded. It amounts to 52 per cent. in Vendée, 61 per cent. in Doubs, 69 per cent. in Indre-et-Loire, 77 per cent. in Savoie, 81 per cent. in Haute-Savoie, where 430 cheese societies (*fruitières*) produce annually 900,000 kgs. of gruyère and a million and a half kgs. of butter, 92 per cent. in Deux-Sèvres and Charente-Inferieure, and 93 per cent. in Jura.

Dairy co-operatives are grouped in unions or federations, which render them important services. The Federation of Dairy Societies and Syndicates of the region of Paris includes 30 co-operatives with 14,228 members, 26 syndicates with 18,185 members, and 3 unions or federations with 10,000 members. The number of cows owned by all members amounts to 168,461, the produce of which, amounting to 338 million litres of milk, is almost entirely sold in Paris. The Co-operative Dairy Federation of Touraine, Maine and Anjou, includes at present 20,831 agriculturists, grouped in 31 dairies, which handled during 1932, 144 million litres of milk. The Central Association of Co-operative Dairies of Charentes and Poitou grouped a total of 88,416 a

culturists, with 139 dairies and 265,000 cows. In 1932, these dairies handled 185 million litres of milk and produced 7.8 million kgs. of butter.

As regards the manufacture of casein, the co-operative Union of Casein Factories of Charentes and Poitou, founded in 1912 at Surgères (Charente-Inferieure), is a group of 23 dairies which produced in 1832, 2,166,000 kgs. of casein with a value of more than 5 million francs. The Federation of Co-operative Casein Factories of Aunis and Saintonge, formed in 1928 at Taillebourg (Charente-Inferieure), includes 15 co-operatives, which produced in 1932, more than 1.3 million kgs of casein, valued at over 3 million francs.

Co-operative societies for the purchase and joint use of agricultural machinery have developed principally in districts of small-scale farming, where the agriculturists themselves cannot purchase costly machinery. They do valuable service, especially in the threshing of cereals. A National Federation of Threshing Societies and Syndicates formed in 1925, now includes 572 groups, amongst which are 10 departmental unions and numerous smaller groups, principally in the Departments of Eure-et-Loir, Loir-et-Cher, Orne, Deux-Sèvres, and Vienne. Regional and Departmental Unions play a very important part in bulking at the beginning of each season orders for fuel, oils, lubricants and binder-twine, and thus obtaining competitive prices. Among these groups may be specially noted the Union of Syndicates and Co-operatives for Threshing, of Puy-de-Dôme, which includes 70 groups, the Union of Threshing Societies for Vienne, with 125 co-operatives, and the Federation of Threshing Co-operatives of Charente-Inferieure, with 145 societies or syndicates.

In districts of high farming, there is a perceptible tendency for agriculturists to form organisations for the joint use of another important element in cultivation, and in Seine-et-Oise there have been formed several co-operatives for electric cultivation.

as Lôr.

For many years past, the agriculturists of certain districts have organised co-operative mills, usually with the help of agricultural credit, which have given valuable service to their members. Several have also co-operative bakeries run in connection with them. At the present moment there are about 100 mills and bakeries, principally in the Departments of Gers, Lot, Isère, Aube, Charente, Lot-et-Garonne, and Indre-et-Loire.

The grain producers have also formed, during the last few years, organisations, either co-operatives or syndicates, with the object of facilitating storage and sale of grains by the construction of co-operative warehouses or silos. These institutions are very useful for the small agriculturist, who is ill-equipped for storing grain under satisfactory conditions. They also make it possible, principally by a system of warrants, to introduce an orderly marketing of the harvest, and to avoid the too frequent sales which take place during the months following harvest.

There are also a number of other classes of agricultural co-operative society with the most varied objects, for example, rural electricity societies, oil pressing co-operatives, co-operative scent distilleries, sugar factories, distilleries for fruit wines, co-operatives for the collection and marketing of eggs, starch factories, stock-breeding societies, lime-burning societies, co-operatives for the production of flax, silk, resin, selected seeds, etc.

#### MUTUAL AGRICULTURAL INSURANCE SOCIETIES

Mutual Agricultural Insurance has developed considerably in France during the last few years. The number of mutual insurance institutions for the most important agricultural risks, fire, accidents, death of livestock, hail, has been placed at more than 30,000. Mutual fire insurance societies are the most developed, numbering about 11,000, with assured property to the value of 36,000 million francs. Next come mutual insurance societies against accidents, mostly more recently formed and

numbering about 9,000, and mutual insurance societies against the death of livestock, numbering 8,000. As in the case of agricultural credit co-operation, mutual insurance includes three classes of institution: local societies, regional societies, which re-insure the locals, and, finally, two central societies, which unite a certain number of regional institutions and which, the latter, are private institutions governed by the Law of July 4, 1900.

#### CO-OPERATIVES FOR PURCHASE AND SALE

Agricultural co-operation for joint purchase and sale is represented by syndicates which are really groups for the study and defence of professional interests, and co-operative societies properly so-called, which have been formed more recently than the syndicates.

The greater number of the 15,000 agricultural syndicates which exist at present, undertake a certain amount of joint purchase, and some of them also act as agents for the sale of the produce of their members, grain, livestock, and, especially, vegetables, fruit and flowers. A few have even been formed specially for this purpose. A few groups have also been founded in the form of syndicates for the joint use of agricultural machinery. Others again have as their object the improvement of livestock. These stock-breeding syndicates number about 2,400.

Like the co-operative societies, the syndicates have also formed unions. These are reckoned at nearly 300. These unions have often formed subsidiary organisations for joint purchase in the form of orthodox co-operative societies.

A certain number of co-operative societies, on the other hand, have been formed with the sole object of selling the produce of their members without any preliminary processing, except storage, packing or grading. The greater number of marketing

ies, however, are also processing societies, such as have been described above.

The widespread hardships arising from the fall in the price of agricultural produce had induced agriculturists to unite more fully than ever during the last few years. Far from having retarded the development of agricultural mutual and co-operative institutions, the agricultural crisis has, on the contrary, stimulated their activities. By making it possible for the agriculturist to produce under the most economic conditions and to market his produce in the most advantageous manner, these institutions are doing a very useful work and deserve to take a leading place amongst the bodies which are contributing to a re-establishment of the economic prosperity of the country.

## THE FRENCH COLONIES, PROTECTORATES AND MANDATED TERRITORIES

THE mutual and co-operative institutions which play such an effective part in the progress of agriculture in the Mother Country, are steadily becoming of greater importance in the economic development of the French Colonies. They render valuable service to the colonists and contribute in large measure to the economic, social and even technical education of the native population and, in consequence, to an improvement in the conditions of life of those peoples.

As in the Mother Country there exist in the French Colonies credit co-operatives, or mutual agricultural credit banks, co-operative societies for production, processing and sale, co-operatives for the insurance of agricultural risks, or mutual insurance banks, and co-operatives for joint purchase and supply. Some of these institutions are for natives alone, but some are mixed, including both colonists and natives. The degree of development of these institutions varies with the different regions



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of the French Colonial Empire. North Africa is in this respect  
the most favoured.

#### TERRITORIES IN NORTH AFRICA

##### *Algeria*

The organisation of agricultural credit in Algeria differs appreciably from that of the Mother Country. There are 28 regional banks, of which 7 are in the Department of Algiers, 11 in the Department of Oran, and 10 in the Department of Constantine, with a total affiliated membership of 321 banks and nearly 33,000 members. The share capital of the credit banks amounts to about 62 million francs, and the reserves to 56 million. The total number of short-term loans made by these banks during the year 1932 amounted in value to 82 million francs.

The Agricultural Land Bank of Algeria has made possible an extension of credit operations, medium and long term, by the regional banks, by placing at their disposal the advances which they require for these two forms of credit. During the year 1932, 238 loans, making a total of 13,830,000 francs, have been granted from these advances. They have been allocated as follows: 107 long-term loans, amounting to 6,558,000 francs; 45 long-term loans to ex-servicemen and war victims, 2,796,000 francs, and 86 medium-term loans, 4,476,000 francs. On December 31, 1932, the number of loans outstanding was 874, amounting to a total of 39,566,000 francs.

On the other hand, many mortgage loans are made by the Land Bank of Algeria and Tunis, with or without the participation of the Land Bank of France.

In order to come to the assistance of agriculturists holding title to lands for colonisation, whose position has grown difficult owing to the crisis, a bank for consolidation loans was formed on June 4, 1931, in the form of a limited company, authorised to

provide the necessary funds for making loans by borrowing 60 million francs under a guarantee of the General Government of Algeria (Law of March 31, 1932, Article 10, and Law of December 31, 1932, Article 31).

Loans granted by this Institution may be up to 150,000 francs, and are repayable in a maximum of 15 annual payments. The rate of interest is 2 per cent., and they are secured by a mortgage. In order to obtain these loans, the colonist must himself be a professional agriculturist, and the owner of rural property situated within the sphere of official colonisation. Their property must have already come within the sphere of Common Law, or must not be burdened with colonisation charges. In the last case, however, assistance from the bank must be limited to properties to the extent of which is not more than double the area of the original colonisation holding. An exception, however, is made in favour of colonists established in centres where it has been recognised that new agricultural methods are necessary (for example, the introduction of the pastoral industry). Further, these loans are only available to colonists burdened with debts amounting to more than 50 per cent. of their assets, and these circumstances thus justify exceptional help from the Colonisation Bank.

Co-operative societies for production, processing, preserving and marketing, continue to develop normally. Their number at present exceeds 300. Co-operative grain warehouses, wine cellars and distilleries, and societies for the purchase and use of machinery, are the most numerous.

The "Tabacoops", numbering four, are co-operative societies for the storage, drying, grading and sale of tobacco. The tabacop of Bône further undertakes the extraction of nicotine from tobacco waste. These four societies handle more than two-thirds of the total production of Algeria. They have a large majority of native members and exercise a good influence on

production, especially through experimental plots, where seeds are selected, and by obtaining for the planters the most remunerative prices

There are, further, four co-operative cotton societies "cotocoops", with 300 members. The most flourishing is of Bône, to which is affiliated all the cotton producers in the district. Seven sheep-keeping co-operatives, or "ovicoops", have been formed to facilitate sheep farming in the high plain country, by the installation of drinking tanks and dipping plants for scab.

The "mécánicoop" of Koléa may be specially mentioned owing to its novel character. The object of this co-operative society is the joint repair of agricultural machinery which its members, who number 150, have purchased through it. This is also a co-operative society for joint purchase.

Colonisation societies have as their principal object, the subdivision of large estates. Three co-operatives of this type have been formed, thanks to the help of the Regional Agricultural Credit Bank, one in the district of Mouzaïaville, and the two others in that of Bône.

Amongst miscellaneous societies may be mentioned oil producing societies, societies for the sale of fruit, and scent distilleries. One of the latter, in the Mitidja district, has a membership of 200 geranium growers, and owns a warehouse in which can be stored 22,000 kgs. of perfume.

There is also a society for seed potatoes at Hilbars, whose object is to supply members with tested seeds, and a "tomato coop", at Bône, which manufactures concentrated tomato juice by a process of vacuum distillation, a labourers' co-operative at Ghaïga for the cultivation of vines, and a certain number of societies for the joint production of wine growers' requirements and the joint use of compressed air presses.

Co-operatives of different types are often grouped in a joint

Building known as the Colonists' House. The oldest of these is at Tlemcen, which is an important co-operative centre for agricultural syndicates, which at present number about 200, grouped in two federations, with centres at Oran and Alger. Agricultural insurance, which as in France has been helped under the Law of July 4, 1900, has attained considerable importance in Algeria, where the value of property insured has been put at more than three milliard francs. Mutual insurance against hail, in particular, is highly developed. Of the 100 million francs received as premiums by the institutions attached to the Central Re-Insurance Society for Agricultural Mutual Insurance in North Africa, at Alger, more than 8 millions were paid for hail insurance alone. As regards native provident societies, a remarkable development can be recorded for Algeria and the South Algerian Territory. At the present moment there are 214. These, however, are not free associations, but have been authorised by the government services and function under their control.

2. *vis*

Agricultural credit institutions in Tunis include both mixed banks, which receive colonists and natives as members, and purely native banks. The latter are placed under the control of the local administration. According to recent figures there are in Tunis 67 local mixed banks and 34 local native banks. Of these, 72 are affiliated to the Regional Bank of Tunis. The number of short-term and medium-term loans made by the Agricultural Mutual Credit Banks have increased rapidly since 1928. As regards long-term loans, at present only ex-servicemen and civilian victims of the War have been allowed to benefit by this form of credit. In order, however, to make good this gap in the facilities offered, there was founded on February 26, 1932, a Native Land Bank, the object of which

was to make long-term loans to natives. During 1932, the establishment made 800 loans to a total value of about 13 million francs. Further, a Convention between the Government of Tunisia and the Land Bank of Algeria, makes it possible for this institution to make loans to those who have acquired colonial holdings. In accordance with these decisions, a certain number of advances, amounting to 15,000 francs, and repayable by annual payments, have been made to disabled ex-servicemen.

A Public Office of Native Agricultural Credit, with funds derived from a grant placed at its disposal by the Government of the Regency, makes short-term loans to natives, intended to provide for the current expenses of their holdings, and medium-term loans for improving property and especially for planting orchards of olive and fruit trees. On December 31, 1932, this office had made short-term loans to a total of 52 million francs to 35,000 members, and medium-term loans amounting to 10 million, to 400 members. The funds of this office are derived from an initial grant, together with annual subsidies determined by the High Council (6 million at the present time), a loan of 3 million, secured on part of the annual subsidy and the receipts from the sale of State lands to natives on whom agricultural holdings have been conferred.

There are also in Tunisia native Provident Societies, the total number of which amounted in 1932 to 30 million francs.

Among co-operative societies for production, processing, preservation and sale of agricultural produce, must be mentioned a certain number of wine cellars, distilleries, oil presses, societies for the use of machinery (threshing machines, road-making material) and stockbreeding societies.

A large-scale program for the construction of co-operative grain elevators has been carried on since 1930 by a powerful co-operative society, the Silocoop, whose activities extend throughout Tunisia and whose capital amounts to 2 million francs.

The project aims at the construction of 15 elevators, capable of holding a total of 500,000 quintals of grain. A considerable number of them are already in use and represent a holding capacity of 220,000 quintals. In addition to the co-operative warehouses at Beja, which have been running for eight years, there was formed, in 1931, a Tunisian Port Elevator Society, which owns an elevator at Bizerte, with a capacity of 60,000 quintals.

Among the more important societies must also be mentioned the Central Agriculturists Co-operative Society of Tunis, which is a society for joint purchase and sale (formed in 1912) with an affiliated membership of numerous local societies. It has 100 members and an annual turnover exceeding 7 million francs. The "motoculture" co-operative of Tunis is also important. Its purpose is the joint purchase of agricultural machinery, spare parts and oils. It has a turnover of about 1 million francs. Finally may be mentioned the Textile co-operative group, with about 50 members, the object of which is the preparation and sale of textiles, principally cotton.

A Decree of the Bey dated September 15, 1888, authorised the formation of societies for agricultural research and propaganda, but subordinated their existence to the authorisation of the Government which can always be withdrawn. Such associations, consequently, can never be assimilated to syndicates, since their constitution is much less liberal. They have, however, developed rapidly in the course of the last few years, and are federated in the important General Union of French Colonists in Tunis.

The organisation and working of mutual insurance societies is much the same in Tunis as in Algeria.

#### *Morocco*

There are in Morocco at present five Regional Agricultural Credit Banks, grouped in a federation. Local banks are replaced

by local sections of the regional banks. These banks have about 3,000 members. Their share capital amounts to 6 millions and their reserves to over 10½ millions. They have in addition, State advances and advances from the Federal Bank for Mutual and Co-operative Agricultural Organisations and the State Bank. The Federal Bank for Mutual and Co-operative Agricultural Organisations, created by Dahir on December 5, 1930, is the central institution for agricultural credit which makes advances to other bodies and co-ordinates their activities. At the beginning of the year 1932, the loans outstanding for all five regional banks amounted to nearly 109 million francs, short-term loans, at about 54 million francs, medium term. Further, 9 millions have been granted in the form of loans to those suffering from natural disasters.

The Bank for Loans on Real Estate in Morocco, created by the Order of the Vizier on May 14, 1920, is affiliated to the Land Bank of Algeria and Tunis. It was authorised by a Dahir of November 25, 1929, to take part in mutual agricultural credit operations at medium term, by taking the place, after realisation of the loan, of the central banks, by a transference of credit to their account and a repayment to the banks in question of the sums which they had lent their members. Further, this organisation plays an important part in long-term credit, by loaning, on first mortgage on properties in land, up to 60 per cent. of their value and for a period of from five to forty years, on condition that the real estate should be entered on the register or divided in holdings for colonisation. Long-term loans made since the beginning amount to more than 220 million francs. Loans outstanding are in the neighbourhood of 180 million francs. In addition, the Land Bank of Algeria and Tunis has granted, with or without the participation of the Land Bank of France, mortgage loans of which the total outstanding exceeds 57 million francs.

Co-operative societies in Morocco were legalised by the same

s which provided for agricultural credit. The objects of these societies are as follows : production, processing, preservation and sale of agricultural produce derived exclusively from the holdings of members, the acquisition, construction and adaptation of buildings, workshops, warehouses and vehicles, the purchase and sale of the machinery necessary for agricultural operation, the execution of works of general interest, the sale or purchase for members of all articles or material connected with agriculture, and, finally, the purchase of breeding stock for the improvement of all breeds. Societies formed with Government authorisation may affiliate to a Central Agricultural Credit Bank, and obtain advances repayable over a maximum period of twenty-five years. At the present moment there are in Morocco 12 co-operative societies for threshing, ploughing and joint use of agricultural machinery, 5 societies for joint purchase and sale, 1 for the storage and marketing of cotton, 1 for the collection and sale of milk, 1 co-operative fruit nursery, 1 co-operative wine cellar, stock-breeding societies, and 6 societies for the warehousing and sale of grain, with a capacity of 380,000 quintals. The share capital of these societies is in the neighbourhood of 4 million francs. The advances which they have received from the State exceed something over 8 million.

Mutual agricultural insurance is organised in 3 regional societies, which apply for re-insurance to the Central Agricultural Mutual Re-Insurance Bank of North Africa, at Alger. They insure their members against the principal agricultural risks.

Native provident societies number 52, with 750,000 members. They are affiliated to a central bank founded in 1927.

### *Old Colonies*

Agricultural mutual credit was organised at *Guadeloupe*, *Martinique* and *Réunion* by a Decree of July 5, 1929, on the same lines as in the Mother Country. In *Guadeloupe*, a central bank



exists with 28 affiliated local banks. On December 31, 1931, the share capital of the central bank was 700,000 francs, and reserve, 165,000 francs. Up to 1930, the agricultural credit banks only provided short-term credit, but since that date credits amounting to a total of 3 millions have been placed at the disposal of the Central Bank for the purpose of providing long-term loans to agriculturists. Further, an advance of 137,000 francs has been made for the purpose of giving credit to co-operative societies. On December 31, 1932, short-term loans outstanding amounted to 1.4 million francs, and long-term loans to 848,000 francs.

Agricultural syndicates have been formed very rapidly in Guadeloupe, where there are a large number of small cultivators. The Confederation of Mutual and Co-operative Agricultural Institutions was formed by a group of 51 agricultural syndicates with 4,600 members, together with other agricultural associations, and, in particular, a dozen or so co-operative societies.

Martinique possesses a Central Agricultural Credit Bank, and about 30 local banks, created by the agricultural syndicates of the island.

The Central Bank of Réunion has 28 local banks affiliated and a few syndicates have been formed, the most important being the Planters Syndicate of Réunion.

Agricultural mutual credit was organised in New Caledonia and the French establishments in Oceania, by Decrees of December 13, 1932. In these two colonies, as in Guiana and the New Hebrides, the co-operative movement is at present little developed, though a beginning has been made.

### *French West Africa*

Agricultural credit was introduced in French West Africa by a Decree of June 26, 1931, and Orders of September 30, 1931, and April 30, 1932. In each colony a central bank has been set

together with local banks, each covering a considerable area. These institutions carry on the four types of credit ; short term, medium term, and long term, of both individual and collective character. There are few syndicates or agricultural co-operatives in French West Africa. Four banana planters' syndicates in Senegal may be mentioned, as well as an agricultural co-operative society on the Ivory Coast. A certain number of provident societies have been formed in Senegal and the Sudan.

### *Madagascar*

A Decree of April 18, 1930, provided for the formation in Madagascar of local banks of natives and colonists, regional banks, and a central agricultural credit bank. The same Decree set down the rules of other mutual and co-operative institutions, which may be formed with the help of agricultural credit. A central bank at Tananarive, 5 regional banks at Tamatave, Tananarive, Mananjary, Fianarantsoa and Tulear, have been organized, together with 74 local banks. They began work in April, 1932. Owing to the limited resources in the hands of the local banks, it was only possible to make short-term loans up to the end of 1931. Thanks to the grant made to the central bank and to the dues paid by the Bank of Madagascar, it was afterwards possible to make loans for medium term. At the end of the first quarter of 1933, the total value of loans made exceeded 1 million for short term, 1 million for medium term, and 50,000 francs in the form of a revolving fund.

As regards long-term credit, the central bank decided at the beginning of 1933 to reserve for this purpose one-fifth of its capital, which at present amounts to 8½ million. The interest on loans granted to agriculturists or agricultural co-operative societies is limited to 3 per cent.

There are in Madagascar more than 150 native agricultural societies, and one or two syndicates created since 1910 for

the purpose of controlling irrigation, and for purposes of credit, irrigation. Further, the old village communities, called "Fokolon and recall, in certain aspects, syndicates, and have in others a credit operative character

### *French Equatorial Africa*

A Decree of November 12, 1931, placed agricultural credit in French Equatorial Africa on the same basis as in West Africa. In pursuance of this Decree, the General Government published in 1932, an Order providing for the foundation of a strong centralised institution with central banks in the form of public institutions, under close administrative control. The need for such an organisation was created by the difficulties with which native and European planters are grappling as a result of the economic crisis. European colonists have formed a few organisations in the regions in which they are settled in sufficient numbers. Ten or more are scattered over Central Congo, Oubanghi-Chari and Gaboon.

### *Indo-China*

Agricultural credit institutions in Indo-China are divided into three categories: native agricultural credit societies in Cochin-China, the French Agricultural Credit Society of Cochin-China and the popular agricultural credit institutions of Tonkin, Annam and Cambodia. The institutions included in the first two categories work on lines similar to those of the Mother Country. Popular credit institutions deal essentially with credit to the native, provided through the Provincial Bank Organisation. Each of the twenty provinces of Cochin-China now possesses a syndicate, and a native Mutual Agricultural Credit Bank. Grouped in these twenty agricultural credit banks, are more than 15,000 members. Their share capital exceeds 2 million piastres and their reserve 1.2 million piastres. The total turnover

these institutions was in the neighbourhood of 17 million piastres on December 31, 1932. The total of loans outstanding on that date was 12 million piastres.

The French Agricultural Credit Bank of Cochin-China only does business with French Colonists established in the Colony. In 1932 it had a membership of 160, and the total loans outstanding amounted to about 450,000 piastres.

A Decree of May 20, 1933, established a native Mutual Agricultural Credit Office, a public institution with legal entity and financial autonomy. This office is responsible for the control and allocation, as between the French Agricultural Credit Bank and the Native provincial banks, of discount credits and other capital of which it has the use. Further, it is responsible for co-ordinating the activities and controlling the work of its affiliated banks and societies. The Office is financed through advances from the State, the Colony, public and private credit establishments, dues from the bank of issue, and the discount of credit establishments guaranteed by the General Government. In addition, it receives special advances earmarked for agricultural improvements of public importance or for the repair of damage caused by natural disasters.

A Law of April 26, 1932, authorised the General Government of Indo-China to guarantee up to 10 million francs, loans contracted by private specialised institutions, in the form of mortgage loans, at medium and long term, on rice-fields. A Decree of April 29, 1932, laid down the method of applying this Law, and organised a service for mortgage loans at medium and long term, which should act as an intermediary between rice growers and private lending institutions. As a result of an agreement reached with the Land Bank of France, a sum of 50 million francs was put at the disposal of rice growers at an interest of 7.75 per cent.

Apart from the Agricultural Mutual Credit Banks, there

exist no agricultural co-operative groups in Indo-China, except a few syndicates, one or two of which are very important, such as those of the rubber planters of India-China, and the coffee planters of Tonkin and North Annam.

### *Togoland and Cameroon*

A Decree of June 4, 1931, provided for agricultural mutual credit in Cameroon, through the creation of a central bank at Douala. Funds are inadequate and only a few planters, to the number of about 40, have been able to obtain loans, the total of which does not exceed a million francs

Co-operative societies can scarcely be said to exist, but there are institutions of a somewhat similar character but without share capital and supported only by subscriptions. These numbered about 40 at the end of 1932. Since then, 3 new societies have been formed, one for the joint purchase of agricultural machinery, one for the purchase of pedigree stock, and the third for the planting of crops, such as cocoa, tea, kola and palms.

Co-operation is so far little developed in Togoland. One agricultural co-operative society, however, has recently been formed at Sokodé.

In order to allow the National Agricultural Credit Bank of France to come to the assistance of agriculturists, whether natives or colonists, a Law of July 10, 1931, authorised that institution to make advances to agricultural mutual credit institutions in colonies, protectorates and mandated territories up to a limit of 10 million francs. Under this Law a certain number of short-term loans have been made by the National Agricultural Credit Bank to agricultural credit institutions, in Guiana (1 million francs), Sudan (825,000 francs), Senegal (800,000 francs) and the Ivory Coast (2 million francs).

It appears from this survey that mutual and co-operative agricultural institutions have developed at a very uneven rate in the different French overseas possessions. It is possible to say, however, that everywhere a movement in favour of agricultural associations has been born, thanks to a realisation of the advantages which agriculturists may derive from professional association and to the example given by the prosperity of existing institutions. Association between agriculturists of different races and varying conditions does not only contribute to an improvement of the economic condition of colonial agriculture, it also exercises a happy influence on the social and moral status of its members.

Unfortunately, after these rather gratifying experiences, I have to mention some which are of a less cheerful character.

There is, in the first place, the pretty general experience, that the co-operative societies have not, in the good and normal years, accumulated a sufficient capital of their own. Dutch co-operation is built up largely on the liability (usually unlimited) of the members. A society usually begins life without any share-capital, or without a capital worth mentioning. The money which it needs for its business is borrowed. It can borrow easily, because it can offer a good security: the liability of the members. All societies build up a reserve-fund; an article, that makes this obligatory, is to be found in the regulations of any society. But we see now (and some have foreseen it) that generally the reserve-funds are not as high as would be desirable. This has two causes. The first is especially inherent in co-operation: the immediate interest of the members is to get from their society goods, credits, etc., at a low price, which leaves to the society only a small profit, and this has the result that the reserve-fund can grow only very slowly. The second reason is that one always has considered the liability of the members a kind of reserve-fund (which, indeed, it is), making it superfluous to make the ordinary reserve-fund important.

But now we realise that it is, in the present circumstances, extremely undesirable to make use of the liability of the members. It would not only be very inconvenient to the members, it would also be dangerous for co-operation as a whole, as it might cause a panic among members, and give a bad name to co-operation. We still think the liability of the members of great value, but the crisis has taught us to attach more value than we did before to the reserve-fund or the capital.

The co-operative banks affiliated to the Co-operative Central Raiffeisen-Bank in Utrecht, did anticipate an insufficiency of

the reserve funds. at the beginning of the crisis, they decided to form a special general fund, out of which, after some years, losses, due to the crisis, can at least partially be made good. This chiefly means, that the banks not suffering from losses give part of their profits to the banks which are badly off

I want to mention now some experiences of particular kinds of societies. To begin with the nucleus of the co-operative movement, the Boerenleenbanken (co-operative agricultural banks), concerning them we have been taught by the crisis the following lessons

1. In good years, loans have been given too profusely. This is easy to understand : one was inclined to be optimistic, because everything went well. But now people who have borrowed nearly all the money they have put in their business, are the first to collapse. And their fall causes difficulties to their guarantors, the usual security for the loans given by the co-operative banks, sometimes even the bankruptcy of these guarantors, and sometimes also a loss to the bank. This crisis teaches us once more, that a bank should always demand that a borrower has some means of his own, which can keep him afloat in times of depression. This is not only important from the point of view of the bank, it is also important in a general sense. too much credit causes an artificial expansion of production, and this has been one of the causes of our present difficulties.

2. Another experience is, that the managers and directors of the Boerenleenbanken have been, in many cases, too slack in demanding the fulfilment of the borrower's obligations to repay his debt, or to keep his credit in current account really current. Loans, which should have been paid back several years ago, are still outstanding. Credits are "frozen" since a considerable time. And of course it is now too late to mend. If the bank had taken the necessary measures to secure payment a few years ago, it could have been obtained. But now,



in many cases, this is very difficult, and causes great trouble to the debtor and his guarantors, and is sometimes even practically impossible.

This fault is more or less inherent in the Raiffeisen system. Each bank works over a small area (one or two villages, parish). The members of the board and the manager are personally acquainted with most of the members; this is often extremely useful, and is one of the greatest advantages of the Raiffeisen system; but one realises now that it has at the same time a weak point. Naturally one does not proceed so easily against people one knows and who live near. It is a problem for the future how to cure this weakness.\*

Another important kind of co-operation, the purchasing societies, have experienced difficulties with the credit they have granted. In competition with private trade many societies have more or less been obliged to give their members several months' credit. This is causing now much trouble and sometimes also a loss. It is impossible yet to judge the amount of these losses, but in any case it seems advisable that the purchasing societies take the lesson to heart. Something has to be done to prevent the same difficulties in the future.

The farmers' co-operative dairies, another highly important branch of our agricultural co-operation, have experienced serious difficulties in the sale of their products. These difficulties have caused, in some districts, a kind of competition between the dairies, which is very objectionable. Most dairies are affiliated to a co-operative marketing and export association. Now it

\* Speaking about the Boerenleenbanken, I really speak only about those (the majority) which are affiliated to the central bank in Utrecht (with which I am connected). I do not know if the banks affiliated to the Roman Catholic Central Bank at Eindhoven, have had the same experiences. They are not included in official reports. But I imagine they have, though probably in a minor degree.—C. W.

sometimes happens that dairies which are not affiliated offer their products for a price just below the price fixed by the marketing association. Also on local markets the dairies compete with each other, which has a bad influence on prices and is inconsistent with the co-operative spirit. It is, of course, only a result of the crisis. Another abuse which has existed for a longer period already, but has been made much more serious by the crisis, is paying to members too high a weekly price for the milk, especially in the period when new members are expected. In Friesland, our most important dairy district, where these abuses are especially serious, a proposal has been brought forward to prevent them for the future by a closer organisation.

The co-operative auctions (of bulbs, vegetables, fruit, flowers) have seen the prices steadily fall. This has been for their central organisation a reason to try a system of minimum-prices, without much success, however, because some auctions did not keep to the arrangements which were made.

#### THE PIG MARKETING BOARD

The Editor asked me especially to give some information about our new scheme of pig marketing. Though this has nothing to do with co-operation in the ordinary sense of the word, it is perhaps interesting for the readers of this *Year Book* to learn something about it.

In 1932, when prices on the pig market had gone down to a disastrous level, the Government put up (after a statute had been passed by Parliament) the "Nederlandsche Varkenscentrale" (Dutch Central Pig Marketing Board). The aim was to secure for the farmers a price which would at least cover their costs of production. In connection with this the Board was also given powers to take measures to prevent further overproduction.

To realise this aim, the Board has been given the monopoly of export. Import is subjected to a heavy duty, which is practically prohibitive. The home users (factories and butchers) are obliged to pay a certain sum per kilogram to the State Inspection Department, which has control over all slaughterings, except home slaughterings. This sum is deposited in a so-called stabilisation fund, used to bring the prices up to the desired level, as the export yield alone is not sufficient. The restriction of breeding is accomplished by means of a regulation that prescribes that no pigs may be kept unless they have the brand provided by certain provincial organisations. These organisations grant to each pig farmer as many brands as they judge desirable in connection with the situation of the pig market. If a farmer presents for branding a greater number of pigs than the amount allowed to him, he has to pay an extra contribution. The provincial organisations may only mark pigs belonging to those who have become members of these organisations.

The influence exerted by this regulation on the prices fetched by pigs is considered favourable.

The Pig Marketing Board enjoys no subsidies from the Government and has an entirely commercial basis.

## THE DUTCH EAST INDIES

BY

DR. J. BOEKE

It is not a pleasant task in the present circumstances to report about the condition of social institutions in Netherlands-India, even less so when one has to write in continuation of a summary of two years ago. The crisis was then still in its beginning and everybody cherished a silent conviction, that the worst had passed and that a better day dawned on the horizon. Even

at this moment several cling to this optimism. It is the reliance on a miracle, a confidence that may support courage in facing the difficulties of the time. But how long can this optimism last and will it get its reward in the end? At any rate the reporter who looks back at things past can only state that everything has become considerably worse. The sole and meagre consolation is that one may still distinguish between different degrees of decline and that there are indeed people who under the stress of circumstances try to practise the gospel of mutual help.

If this crisis has made anything clear, it is the fact of Netherlands-India's deep and all-embracing dependence on Western industry. It may be a barren train of thought to construct a happy India left to its own development from the beginning, but the fact remains that the present situation has brought us dangerously near to an unhappy India set to the task of accepting and managing, with its own feeble strength, the estate left by centuries of intensive Western interference in every domain of policy, a task infinitely more difficult than the continuing and furthering of a natural process of development.

The sugar industry, up to a few years ago so often called the cork on which Java floated, has dwindled to less than one-fifth of its former extent and the stopping of all plantations for next year is being considered. The tobacco, tea and chinchona industries have imposed upon themselves tremendous restrictions to save prices as far as possible. The native people cannot even make the modest prices for their products that cover their low expenses. Necessity squeezes out of them whatever of gold value they possess - 40 million guilders' worth of gold jewellery have been melted and exported. This is the crisis in Java. In the outer districts it is especially rubber that belied golden hopes, and copra, pepper, forest produce, accompanied its fall.

All this has knocked the bottom out of the native money-

economy and created insolvable difficulties for the popular credit institutions based on these money incomes. The district banks in Java see their turnover reduced to the level of 1912, whereas their present organisation has raised cost to six times the amount of twenty-one years ago. Arrears in repayment on loans have risen to 50 per cent. of loans outstanding. In the outer districts (Sumatra, Borneo, Celebes, Bali and Lombok) the conditions are a little less unfavourable—the overpopulated isle of Bali excepted. Here population is thin, compared with Java, and people have more freedom to move and adapt themselves to the altered conditions; they are to a far lesser degree and only indirectly dependent on Western industry. So the district banks fell here only to the level of 1918 and have to reduce their expenses only to one-third of the present amount. Arrears, too, have risen here “only” to 31 per cent. of the loans outstanding.

These arrears are at present the nightmare of the popular credit organisations. People call them frozen credits, but they make the managers perspire. The native borrowers are quite prepared to acknowledge their debts, one might even state that as a rule they try their utmost to meet their liabilities; but their powers fall short of the mark. The downfall of all prices has aggravated these liabilities to an excess. On the one side the fisc and the creditor will not bow to the crisis, on the other side in the villages the drop of prices is increased by the scarcity of ready money. Here a man can feed on two and a half cents a day—and even this amount has fallen lower still—and get himself a new suit of clothes (trousers, sarong, coat and cap) at the price of 80 cents. But how to get even this amount, when he has to part with his products for a mere song—supposing they are saleable at all?

There is one kind of credit institution that flourishes even under this severe crisis, although they too have trouble in finding the necessary money income: the grain banks. There are

still 5,600 of them left in Java, and numerous are the villages where the inhabitants wish back the old times, when their grain bank had not yet given way to a modern village bank. Still the village banks, too, are a great help in these trying times. These little banks, numbering about 7,000 (6,500 in Java, 500 in the outer districts), have grasped the change of circumstances and screwed down the amounts of their loans to the lowest possible average of 3 to 4 guilders, while cutting redemption into a generous number of weekly payments. Even under these conditions too many needing credit are forced to abstain.

• And co-operation? what about the institutions that not only work for but are wholly managed by the interested parties themselves? In these trying times co-operation becomes more than ever the watchword of the leading spirits amongst the native population who look for material progress (and moral progress as well) by means of self-help, the watchword also of those who try to free themselves from the claws of the usurers and the usurpation of the middlemen. The co-operative movement is still in its youth, it was not until 1929 that Government took the matter in hand systematically. The number of societies asking for registration is still small, not more than a hundred a year. But the movement grows; again and again the co-operative principle is tried in new fields. At present co-operation for the sale of native produce and for the development of the native textile industry, is the centre of interest. "Wild" co-operative societies, which do not mind about any legal regulation, sprout by the hundreds. As a rule they are not purely co-operative: excessive profit taking and sharing out in favour of capital are usual. But Government does not interfere because self-help among the natives is still rare and therefore valued highly as a healthy sign of evolution.

# LITHUANIA

BY

P. ŠALČIUS, *Professor at the University of Lithuania*

LITHUANIA, exclusive of the occupied Vilna territory, covers an area of 5.57 million ha. and has a population of 2,421,777 of which 1,129,870 are engaged in agriculture. Therefore Lithuania is *par excellence* an agricultural country. Its agricultural co-operation dates back to the nineteenth century when the leading estate holders formed an agricultural society for the advancement of agriculture. However, unfavourable political conditions (the oppressive Russian regime which incited many uprisings, the last in 1863, serfdom, restraint of Lithuania's cultural life and freedom of press) hindered the development of agricultural co-operatives in Lithuania. However, even before the War we find a widespread net of 383 credit co-operatives, 80 agricultural societies and 20 co-operative dairies, the latter having been formed just before the World War. Consumers' societies furnished the farmers with farming machinery, fertilizers and other necessities. During the War the movement was entirely demolished.

In independent Lithuania, after the War, the rural consumers' societies were the first to revive and it was not until after 1922, with the stabilisation of the country's currency, that the farmers' credit co-operatives and later the agricultural co-operatives for processing were established. After the reorganisation, concentration and consolidation period, the agricultural co-operative movement four years ago had crystallised into a definite system which promises to form a more stable founda-

tion for development in the future. The basic organisations are made up of the following groups : (1) dairies, (2) credit societies, (3) agricultural sale and purchase societies, (4) societies for promoting ideas of progress in agriculture. The first three groups have their central organisation which has for its aim the economic and organic welfare of its members. The fourth group is supported and encouraged by the Chambers of Agriculture.

The total number of agricultural co-operatives for recent years appears as follows :

	1933.	1932.	1931
Dairies . . .	263	266	273
• Credit societies . . .	331	324	323
Sale and purchase societies	213	254	259
Educational societies .	331	334	359

The educational societies on January 1, 1933, consisted of the following : 54 agricultural and 15 fruit and vegetable societies, 109 agricultural machinery and implements, 119 cattle control centres, 11 cattle breeders' societies, 17 bee-breeding societies and 6 miscellaneous groups. To this number can also be added the young farmers' clubs.

#### CO-OPERATIVE DAIRIES

The spreading of the co-operative dairies activities began in 1924 and from then on have been increasing rapidly. The Agricultural Chambers and the Ministry of Agriculture have considerably aided their development. In their procedure of organisation they have complied with co-operative regulations specifying that members have only one vote and that all profits are computed in relation to the fat content of the milk delivered and dues are estimated according to the number of cows owned by each member. During their short period of activity the dairies have not been able to draw into their membership all of the milk producers.



## 222 YEAR BOOK OF AGRICULTURAL CO-OPERATION

During the past three years the dairies have increased as follows :

	1932.	1931.	1930.
Number of dairies . . . . .	263	266	270
Skimming stations . . . . .	1,868	1,610	1,238
No. of members (in 1,000) . . . . .	10 2	9 6	8·9
Total No of suppliers (in 1,000) . . . . .	81 7	71 4	60 1
No of cows (in 1,000) . . . . .	254·7	216 8	177 8
Milk delivered (in million klgr) . . . . .	250·5	196·9	155 8
Butter produced (in million klgr.) . . . . .	10·28	8·14	6 37
Mutual capital (in 1,000 lits) * . . . . .	—	2,679 3	2,527 8
Creditors (in 1,000 lits) . . . . .	—	13,546 8	10,836 0
Real estate and moveable property (in 1,000 lits) . . . . .	—	12,904 3	9,524 2
Balance (in 1,000 lits) . . . . .	—	18,202·0	13,771 5

The above table shows a regressive tendency during the past year; however, it reveals an increase in the number of skimming stations to which farmers deliver their milk from near points. The skimmed milk is then taken to the dairies to be made into butter. Of the 263 co-operative dairies working on January 1, 1933, 151 were operated by steam, 36 by motor and 76 by hand. In 1930 the number of dairies run by steam was only 128. It seems that the technically equipped dairies show signs of increasing. The co-operative dairies have organised into a union called "Pienocentras" and the activities of this organisation are shown herewith :

	1932.	1931.	1930.
No of members (dairies) . . . . .	263	273	272
Mutual capital (in million lits) . . . . .	1·65	1·35	0·56
Creditors (in million lits) . . . . .	4·87	4·99	4·32
Debtors (in million lits) . . . . .	4 68	5·05	4·34
Butter exported 1,000 klgr. . . . .	9,267·4	7,526 9	5,978·0
1,000 lits . . . . .	36,045·5	37,054 8	34,866·4
Total sales (in million lits) . . . . .	45 18	46·10	43·85
Profit (1,000 lits) . . . . .	117 6	189·7	159·7
Balance (in million lits) . . . . .	7·83	7·68	6·07

\* 30 lits = £1 (November, 1933).

Aside from its fundamental work of exporting dairy products, "Pienocentras" has 12 retail stores. It also employs a staff of instructors to advise and teach the personnel of the dairies, has a technical division for the use of members and book-keeping instructors. The union is also concerned with the construction of artesian wells for its members. During the past year it has become especially interested in the organisation of egg purchasing. In 1932, 8.75 million eggs were exported to the value of 1.03 million lits. For the development of this branch, Pienocentras has established 170 egg-collecting points all over the country. Four of its dairies are also interested in the special development of cheese production. During 1932, Pienocentras participated in butter exports to the extent of 96 per cent., in 1931 94 per cent. and 1930 89 per cent. For the maintenance of its instructors and courses, Pienocentras, besides its own funds for this purpose, receives a subsidy from the Chambers of Agriculture and the Ministry of Agriculture makes contributions to the co-operative dairies through the medium of Pienocentras for upholding prices.

#### CREDIT SOCIETIES

Already in 1871, the first credit societies for financing the farmers had been established. There existed within the ethnographic boundaries of Lithuania of that time, 383 societies. The War, and the inflation of Russian and German paper currency, checked the operations of these pre-War societies, and it was only in 1923 that they revived again. Their progress during the past three years has been as follows.

	1933	1932.	1931.
Number of societies . . . .	292	285	287
Number of members (in 1,000)	83.5	78.0	65.3
Loans (in million lits) . . .	41.66	40.52	31.70
Deposits (in million lits)	21.19	20.86	17.13
Balance (in million lits) . . .	49.77	47.83	38.49

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<i>Klaipeda Territory :</i>	1933.	1932.	1931.
Number of societies . . . .	39	39	39
Number of members (in 1,000)	10.9	10.8	10.9
Loans (in million lits) . . .	23.47	20.89	17.08
Deposits (in million lits). . .	18.75	17.28	14.20
Balance (in million lits) . . .	26.23	24.08	20.14

The Lithuanian credit societies are of the Raiffeisen type. During recent years, when the agricultural crisis was beginning to be felt in Lithuania more acutely, their activities, as shown by the above figures, did not weaken. However, their remunerativeness was affected because the farmer's unfavourable financial condition made the re-payment of loans most difficult and in some cases they were forced to write them off the books.

The financial centres of the credit societies are the Lithuanian Co-operative Bank, the Land Bank and the Raiffeisenbank A.G. in the Klaipeda territory. The societies maintain the closest relations with the Co-operative Bank. Established in 1920, in July, 1933, the bank was reorganised into a stock bank with a 3 million lits' capital. A greater part of this stock was taken by the Government which also transferred to this capital money previously loaned to credit societies for a thirteen-year period in order to build up their stock capital. The Co-operative Bank has participated mostly in the organisation of societies, their instruction and revision. Lately, the revision and instruction has been actively taken over by a governmental department, the Co-operative Inspection, to which has been assigned the registration of co-operatives, their by-laws and control.

### SALE AND PURCHASE SOCIETIES

This group is made up of (1) rural consumers' societies, which besides everyday necessities sell agricultural machinery, artificial fertilisers, seed, farming implements, building materials, etc., (2) agricultural societies which, since their establishment

in 1924, specialise in the selling of agricultural machinery and fertiliser, also in the purchase of farm products. As this division of labour proved unpractical after some time, a new general type of sale and purchase society was worked out and both groups joined in 1930 in forming one central organisation under the name "Lietukis". The activities of this organisation and those of four to five urban consumers' societies with a turnover of about 10 million lits, can be deduced from the following table:

	1932.	1931.	1930.
Number of societies . . . . .	213	254	259
Number of members (in 1,000)	33 9	33 8	38.9
Stores (shops) . . . . .	294	313	318
Goods sold (in million lits)	46.00	44.99	52 25
Mutual capital (in million lits)	3 47	3 31	3.62
Balance (in million lits) . . . . .	18.60	20.16	17.41

These societies were most severely affected by the agricultural crisis. There is now a tendency toward the formation of larger societies with many sales stores. Their centre is "Lietukis" which furnishes them with goods, supplies the domestic markets and buys goods from abroad. Figures of the past two years showing the activity of "Lietukis" when it joined with the rural consumers' societies and agricultural co-operatives are herewith given:

	1932.	1931.
Number of members . . . . .	138	120
Mutual capital (in million lits)	1.15	1 14
Merchandise (in million lits) . . . . .	4 25	3 44
Goods sold (in million lits)	28 85	36.74
Balance (in million lits) . . . . .	12.93	13 47

The membership of "Lietukis" is made up only of co-operative organisations. "Lietukis" sells some of its merchandise directly to the farmer, maintains warehouses in 11 places, owns

two linen factories, a tree nursery, and is a large stockholder in the co-operative soap factory. In 1932 its turnover decreased on account of greatly lessened grain exports. A great deal of agricultural machinery, fertilisers and building material is sold by "Lietukis" for instance, 40-50 per cent. of all the agricultural machinery sales of Lithuania, 40 per cent. of fertilisers, 30 per cent. of the salt and 70 per cent. of all the sugar.

#### AGRICULTURAL EDUCATION ORGANISATIONS

This group of societies works in close contact with the Chambers of Agriculture. Very few engage in any enterprises, but are concerned mostly with instructive work, lectures and courses. An interesting section of the agricultural societies is made up of the young farmers' clubs. Their purpose is to encourage the love of farming among the young people, to acquaint them with the fundamentals of agricultural education and their practical application, to encourage thrift and active participation in co-operative work. Also to take part in sports and recreational activities. The first 10 clubs of this type were formed in 1930, and by 1933 had increased to 471 with a membership of 12,906 throughout Lithuania. In autumn these clubs arrange small exhibitions where are displayed specimens of the summer's agricultural products grown by the members. Among the other organisations closely allied with the agricultural societies can be mentioned the insurance association, "Koooperacija," a union of mutual insurance societies established in 1926. Its activities, notwithstanding the critical economic condition, continue to spread. On January 1, 1933, it had a membership of 5,304 members. The insured assets of the 270 societies had increased from 25.15 million lits in 1930, to 30.07 million lits in 1932.

It is a notable fact that efforts are being made to attract the pig-breeders to join as shareholders the joint stock company

"Maistas," under whose supervision bacon production has made tremendous strides. Therefore, it is likely that before long "Maistas" may become a co-operative organisation controlled by the farmers themselves. In part, the same can be said about the sugar factory, which was established as a joint stock company, but with the greater number of shares, as in "Maistas", owned by the Government. From the amounts due to the sugar beet suppliers, a sum is deducted and credited to them in the stock fund, therefore, in time to come, this sugar factory may also come under the control of the sugar beet suppliers.

All the central agricultural co-operative organisations and some of the larger companies come into the Lithuanian Co-operative Council as a co-ordinated and representative organ which publishes its own newspaper, arranges courses for co-operative employees, etc. In spite of the trying experiences of the Lithuanian agricultural co-operatives during the first ten years of their existence after the War, they still managed, before the economic crisis overtook them, to systematise and consolidate. This made it possible for them to maintain greater resistance to the difficulties of the economic situation and not only retain their previous positions but also to make forward strides.

# ESTONIA

BY

THE ESTONIAN CO-OPERATIVE CONFEDERATION

AN extremely bad year for agriculture, the rapid fall in prices of agricultural products accompanied by the falling off of the purchasing power, showed consequently a setback in the turn-over of the co-operatives. All this was closely connected with the depression on the money market and anxiety as to the fluctuation of the Estonian currency, in consequence of which the outflow of deposits was very remarkable and the operations of the Credit Institutions were badly affected.

However, the bad circumstances prevailing did not reduce the part shared by co-operation in the economic life. For instance, the share of the dairy societies in the export trade during 1932 showed an upward tendency. Yet during the crisis the greater part of the Societies were able to strengthen their financial position.

## CO-OPERATIVE DAIRY SOCIETIES

During the last years a concentration in the activity of the dairy societies was noticed. In the first enthusiasm dairies were established so densely that they had no area of activity. In 1932, there was a drop in the number of societies and their members. In 1933, export butter was produced by 293 societies, with 486 separating stations. The total number of dairy societies is, however, 315. The milk suppliers numbered 59,209, out of which 30,977 were members of the societies. The number of

private dairies in the production of export butter is declining and they now play an insignificant part in Estonian dairying. The total quantity the milk supplied decreased: in 1931, 355.9 million kgs., average 1.2 million kgs. per society, in 1932, 329.1 million kgs. and 1.1 million kgs.

In 1932 the output and export of butter showed the first decline. This was mainly due to the extremely bad state of trade, the underfeeding of the cattle in consequence of bad weather conditions. In 1931 the production of butter reached its climax; the output amounted to 14,480,618 kgs.; in 1932 it declined to 13,331,370 kgs. or about 8 per cent.

The fall in prices was, however, far greater. In 1930 the dairy societies received for 1 kg. of butter 2.12 Kr. and paid to the suppliers 7.4 cents per 1 kg. of milk. In 1932 the societies received for butter 1.17 Kr. and paid for 1 kg. milk 3.8 cents. During the last two years, if the year 1930 is equal 100, the change in output and prices is as under:

	<i>Butter Produced</i>	<i>Price of Butter.</i>
1930	100	100
1931	106	80
1932	92	55

The inner organisation of the dairy societies has improved; the working costs have declined year by year. In 1930 the working costs for 1,000 kgs. amounted to 14.44 Kr., against 11.13 Kr. in 1932. Restriction were made on salaries and loan rates. The Government assisted in reducing the rate on loans, granted up to 7 per cent. for the redemption of private loan interests, and made it possible to convert short-term private loans at a high rate into long-term Government loans at a low rate.

The debts of the dairy societies have been reduced from year to year, from 7.10 million Kr. in 1930 to 5.02 million Kr. in 1932,



of which the Government debt amounts to 2.76 million Kr. and the private debt to 2.26 million Kr. The percentage of members' capital in the dairy societies has improved, amounting in 1932 to 46.7 per cent., due to the fact that despite the depression, the internal financial condition of the societies has improved. Also, in the national economic life, the share of butter in the export trade has steadily increased although the amount for butter obtained has lessened by 50 per cent. against 1930. The percentage of butter in the total Estonian exports rose from 32.7 per cent. to 36.7 per cent. The share of the Central Co-operative Export Societies in the export of butter rose in the course of a year from 60.8 per cent. to 62.0 per cent.

#### CO-OPERATIVE BANKS

In one of the worst years for the Co-operative banks, the depositors were frightened by rumours about the revaluation of currency and withdrew their deposits from the banks and invested their money in immovable properties. The decrease in returns was partly due also to the reduced rates, which according to new regulations the maximum on loans was 8 per cent. and on deposits, 6 per cent. However, no co-operative bank has had to go into liquidation, only two banks were compelled to ask the Ministry of Economic Affairs for a moratorium.

A new law for Credit Institutions came into force, requiring new Rules and Regulations, stricter control of the balance sheet regarding doubtful debts, and more care regarding cash reserves and other regulations. According to the new law the Credit Institutions were divided as follows : (1) Co-operative Central Banks, (2) Co-operative Banks, (3) Savings and Loans Societies. The co-operative banks may now carry out any operation executed by the commercial banks ; the activity of the savings and loans societies is limited to the acceptance of deposits and the grant of

money loans, exclusively against promissory notes, for a maximum term of one year.

The new statutes were adopted by most of the co-operative credit institutions, of which on January 1, 1933, there were 242, mainly Rural Co-operative Banks 165 Societies, to which reference is made as under, counted 72·707 members on January 1, 1933, or 440 members on an average per society, 35 members less than in the previous year.

For the first time in Co-operative banking, in 1932, deposits showed a decline, by 7·7 per cent from 29·9 million Kr. in 1931 to 28·8 million Kr. in 1932, or averaging 199,600 Kr against 174,300 Kr per society. Consequently the amount of loans granted had to be reduced ; from 36·6 million Kr. in 1931 to 33·3 million Kr in 1932, or 9·0 per cent.

Members' own capital in the co-operative banks increased in the course of one year from an average per member of 67 Kr. to 69 Kr., although the general results showed a decline. The amount written off (373,523 Kr ) was smaller than in the previous year (580,819 Kr.), and the percentage was smaller (1·12 per cent.) as against (1·58 per cent ). Bad debts affected 28 societies to the extent of making the balance sheets show a deficit (in the previous year there were only 13 societies) ; 17 societies showed no surplus , 72 per cent. of the balance sheets showed a surplus Gross expenditure showed a decline but, in proportion to loans, expenses increased from 3·95 per cent. to 4·13 per cent. in the course of 1932. Loans decreased faster than it was possible to reduce expenses.

#### CO-OPERATIVE RETAIL SOCIETIES

The co-operative distributive societies, nearly all rural, deal mainly in agricultural articles and implements. The societies failed to adapt themselves quickly enough to post-War conditions, but have now got over the crisis which lasted for about ten years.

Relations between members and societies had slackened, but now, stimulated and directed by the central institutions and aided by the amalgamation of societies, conditions have improved, although the number of societies and members continued to fall also in 1932. There are now 203, with 349 shops (stores). The number of members in 169 societies declined to 35,189, averaging 208 members per society. With the reduction of purchasing power, turnover declined 12.7 per cent. to 17.9 million Kr., average 106,100 Kr. per society. Gross earnings on turnover rose a little, from 8.84 per cent to 9.12 per cent. The financial and working arrangements of the societies have improved. Stocks have lessened (20.7 per cent.). In proportion to turnover stocks in 1932 were 15.5 per cent. of the turnover, and the circulation of goods 6.5 times, which is not a bad achievement in the Estonian conditions. Selling on credit was restricted and debts reduced. The percentage of members' capital was raised to 27.1 per cent., against 19.2 per cent. in 1930.

The societies began to extend their business in 1932 to the marketing of farm products, which had the wide approval of the farmers, as until then this was done by speculative buyers, taking big profits. For marketing and standardisation a special society has been established, The Farm Products Selling Society, and good results are being achieved, mainly in cattle and meat sales on a commission basis.

Although the turnover of the Estonian Co-operative Wholesale Society, ETK, showed a decline, its productive output rose from 4.3 per cent. to 7.5 per cent. of the turnover. The percentage of members' capital increased to 24.1 per cent. The ETK is the most important importer in Estonia; about 80 per cent. of certain articles imported go through its hands.

Altogether it may be said that the efforts of the co-operative movement to strengthen its inner position have shown results and it may now look more hopefully to the future.

## MUTUAL INSURANCE COMPANIES

The Co-operative Insurance Societies are the oldest in the co-operative organisation. The first societies were established in the second half of the last century and a number of them have held their ground for many years. In previous years compensation was made in kind, now the business is based on money premiums. The activity of a society is limited to its commune and there are 371 societies in the 373 communes of Estonia. The number of members has not declined and amounts still to 34,802. Members' capital has increased year by year; in 1932 the total for 192 societies was 577,878 Kr. averaging per society 3,074 Kr. Owing to bad economic conditions, the societies have been compelled to lower their insurance premiums and make other restrictions, nevertheless, the societies have succeeded in strengthening their position and improving their business, according to available statistics.

## OTHER CO-OPERATIVE AGRICULTURAL SOCIETIES

In Estonia there are about 100 co-operative potato societies. During the last years a certain standstill in the development of their activity is to be noticed. The consumption and export of alcohol has declined. In 1931 the quantity ordered by the Government was 18,000 litres; in 1932 it declined to 16,000. Owing to restriction of the export of potatoes the price has been comparatively low. Yet the potato societies are still the most important clearing-places for the potato-growers; especially in Northern Estonia the conditions for the cultivation of potatoes are very favourable, and for the potato grower the main income sources.

The activities of the 645 co-operative machinery societies and the 655 peat societies have not noticeably changed.

## POLAND

BY

J. BARGIEL

SINCE May, 1926, Poland has had a Government which, in spite of changes in personnel, is pursuing steadily and consecutively one policy in political and economic, foreign and domestic affairs. This stability of policy is giving to the Polish people certain advantages which have become evident especially in the last few years of the international crisis. In fighting this calamity the Polish Government has not been looking for new and extraordinary methods, but is trying to adjust its own and the people's husbandry to the new conditions, *i.e.* to stabilise the whole economic life on a lower level. To obtain this result it is endeavouring to overcome low prices in agriculture, high prices in industry, debts and usury among the peasantry and tradesmen, to keep the zloty strong, the budget sound, the balance of trade advantageous, etc. This stabilisation is already in sight and it is hoped that it will soon bring a considerable improvement in the economic conditions in Poland.

This action of the Government is not without a great influence upon the development of Polish agricultural co-operation. While in the first years of the crisis the movement had been shaken to its foundations and set back in almost all fields of its activity, we can observe now the above-mentioned stabilisation in all lines and types of co-operative enterprises. Although in many cases statistics show us smaller figures as to the number of associations, their members, and their turnover, in comparison with the year

1931 (*Year Book 1932*), one cannot observe, however, any serious damage done to the three Polish central organisations : " Zjednoczenie ", " Unia " and " Społem ". On the contrary, these institutions and their members, the local co-operative societies, have shown much stronger resistance to the crisis than many well managed private enterprises. And as to the internal structure of the movement, many good symptoms were revealed in the course of the last two years : more serious interest in the business of the co-operatives on the part of their members, greater initiative and care on the part of their officers, better management, a higher degree of responsibility, closer collaboration of the local societies with their unions and centrals, deeper consciousness of social problems and duties.

One of the best examples of this internal consolidation may be observed in the group of the agricultural co-operative societies which belong to the central organization of " Zjednoczenie ". This is a loose federation of five unions and ten centrals, which at their meeting in June, 1933, resolved to form one general federative union. In fact, this new union will start its work with the new year, 1934, although the formalities and ceremonies of opening will take place a few months later in commemoration of the tenth anniversary of the death of Dr. Francis Stefczyk, the pioneer of the Polish agricultural co-operative movement and founder of " Zjednoczenie ". It is hoped that this formation of one general union will revivify the movement and foster its expansion, economise its resources and expenditures, double its productiveness, raise its power of resistance against hostile factors and help it to gain a stronger position in community and State affairs. The new union, under the name " Zjednoczenie Spółdzielni Rolniczych R.P." (Federation of Agricultural Co-operative Societies of the Republic of Poland), will be a federative system embracing the whole territory of the Polish Republic through autonomic regional organisations, and will choose its officers from

among those of greatest merit in its component parts. This was recognised as a system truly democratic and best suited to the character of the Polish people.

Another point which greatly roused the comment of all Polish co-operators was the amendment of the Polish Co-operative Law of 1920. It had been in preparation since 1931 and its main items were worked out by the members of the State Co-operative Council which has a majority of representatives of the co-operative unions. But the Government was not satisfied with the changes proposed and prepared another project which betrayed the tendency of the State authorities to exercise a powerful influence upon the co-operative movement and its affairs. This evoked a strong protest from all co-operative organisations. The three greatest Polish central institutions—Zjednoczenie, Unia and Społem—held a mass meeting on October 10 and in the presence of the author of the governmental project—the Vice-minister of Finance—condemned the most harmful articles of the proposed co-operative law: that the foundation of any co-operative society would have to be justified by the Co-operative Council or the Co-operative Union; that the co-operative controllers should be subject to qualifications of and be confirmed by the State organ; that the privilege of controlling the co-operatives should be conceded to the unions not through the Co-operative Council, as heretofore, but by the Ministry of Finance which by this means might demand a narrowing or enlargement of the activity of the union, or a fusion of two or more unions into one. The co-operative congress of October 10th, however, brought the desired results. The governmental project which was to appear as a presidential decree was withdrawn from the President's Office and sent to the Parliament. It is certain that this democratic institution will introduce necessary changes in order to satisfy the postulates of the Government and of the great masses of co-operators.

# GERMANY

BY

THE NATIONAL UNION OF AGRICULTURAL CO-OPERATIVE SOCIETIES  
RAIFFEISEN

IN accordance with the political revolution which has taken place in Germany during the current year, the agricultural co-operative movement has also been subject to such a reorganisation as will bring it into line with the aims and principles of the National Socialist State. As Principal Section III of the Peasant Estate, it has taken its place in the newly formed unified organisation of the working population of the nation, the National Order of Producers. The National Union of German Agricultural Co-operative Societies Raiffeisen in Berlin itself constitutes the third Principal Section of the Peasant Estate, and as such has retained its whole organisation and with the exception of a few further amalgamations of regional and provincial unions, carried out with a view to rationalising the agricultural co-operative movement, it has experienced no further organic changes.

According to the latest Report of the National Union, which appeared in the summer of 1933, there were, on January 1 \* of that year, 35,584 co-operative societies affiliated to the Union.

Co-operative financial centres . . . .	31
Co-operative trading centres . . . .	71
Loan and savings banks . . . .	19,012

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\* It will be noticed that the period under review in the following pages preceded the National Socialist Revolution the effects of which cannot yet be statistically demonstrated.—[Ed.]



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Sale and purchase societies . . .	3,443
Dairy and milk selling societies	4,166
Cattle-marketing societies	464
Egg-marketing societies . . .	415
Fruit and vegetable marketing societies .	274
Wine-growers' societies . . .	321
Distilleries . . .	156
Cattle-breeding societies . . .	403
Pasture societies	159
Electricity societies . . .	4,787
Threshing societies . . .	634

According to the figures quoted in the Report as relating to local societies during the year 1931, at the end of that period there were 18,633 loan and savings banks, with a working capital of 2691.9 million RM. The total membership was 2,074,511. The societies' own resources amounted to 175.96 million RM. (75.8 million RM. shares and 100.2 million RM. reserves and profits). External capital exists principally in the form of savings deposits. These amounted at the end of 1931 to 1,598.7 million RM., to which must be added members' deposits on current account amounting to 279.3 million RM.

Savings deposits and deposits on current account which decreased during 1931 and 1932, as a result of the financial crisis, rose slightly in the first half of the year 1933, and on June 30 of that year amounted to 1,643.4 million R.M. At the end of 1931, the loan and savings banks had advanced as credit to their members (including trading credit), a sum of 2.2 milliard R.M.

As regards co-operative marketing, quite considerable progress can be reported in certain directions, thanks to the progressive unification of the co-operatively organised agricultural population. The grain transactions alone of the central co-operative organisations, rose from 29.2 million cwts. in 1931, to 35.2 million cwts. in 1932. Progress was also made in the marketing of potatoes, the sale of which to central societies increased by about

30 per cent. as compared with the autumn of 1931. The total milk sales of the dairy societies in membership with the National Union amounted to 4.98 milliard litres in 1932 as compared with 4.8 in the previous year. Of this, 989.9 million litres was sold as liquid milk as compared with rather more than 1 milliard litres in 1931. The quantity made into butter was 3.78 milliard litres as against 3.4 in 1931. The marketing of eggs was unable to maintain the rapid progress of earlier years, and from various causes experienced for the first time a setback, the total output in 1932 amounting to 458.9 million eggs, as against 507.3 in 1931, a decline of 9.5 per cent. The turnover for wine-growers' societies was affected by the small harvest, and was as follows in 1932 : quantity of grapes received, 195,781 double cwts., as against 355,135 in 1931 ; grape juice, 79,864 hl. as against 192,491 hl. ; and wine on the market, of various years, 230,390 hl. as against 227,407 hl. in 1931. Co-operative cattle marketing in 1932 also declined slightly as a result of the general decrease in sales on fat stock markets, and amounted to 2.1 million head of cattle, with a value of 188 million RM.

The activities of the central banks were affected by the very difficult position of industry in general, and agriculture in particular. The stagnation of the money market and the collapse in the price of agricultural products have between them produced a considerable restriction in the financial transactions of the central banks. Their total working capital fell by 74.6 million RM. to 678 million RM. Their total turnover fell by 2,750 million RM. to 14,156.5 million RM. at the end of 1932. Nevertheless, it was possible to report a satisfactory conclusion to the year's work.

In spite of many difficulties, and a noticeable decline in turnover, the central agricultural co-operative societies were still able to maintain the stability of their trading organisations. Their working capital amounted at the end of 1932 to 200.6 million RM., their turnover amounted to 69.7 million double

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cwts. with a value of 702.2 million RM. This was distributed as follows amongst the different types of goods :

	<i>Quantity in Million Double Cwts.</i>	<i>Value in Million RM.</i>
Manures	24.3	173.8
Feeding stuffs . . .	8 7	120 5
Seeds. . . . .	1	19 9
Coal . . . . .	15 3	25 7
Agricultural machinery . . .	—	8 6
Grain	15 2	307 7
Potatoes . . . . .	2 3	9 2

The National Union of German Agricultural Co-operative Societies Raiffeisen comprised, at the end of 1932, 80 per cent. of all the agricultural co-operative societies in Germany. This proportion must in the meantime have considerably increased, for by order of the higher control of the National Order of Producers, all the existing agricultural co-operative societies in Germany are included in the National Order of Producers, and are thus also affiliated to the National Union in its capacity as Third Principal Section of the Peasant Estate.

# ITALY

BY

COMM. DOTT G. COSTANZO

THE position of the various classes of agricultural co-operative societies in Italy at the end of 1932 was as follows :

## CO-OPERATIVE CREDIT SOCIETIES

The most important group of co-operative credit societies, the rural banks (*casse rurali*), societies with unlimited liability, numbered 2,233 at the end of 1931 ; of these, 2,031 held deposits amounting to 1,158,300,000 liras, and had in hand bills to the amount of more than 516,000,000 liras on the basis of which loans had been made. In regard to these societies, special mention must be made of the Law of June 6, 1932, No. 656, which lays down new rules for their organisation and working. Under the terms of this law, a new society cannot be formed if the number of members is not, at least, 40. If in any society the number falls below 40, it must be made up to that figure within a year, otherwise, the society must be wound up. The members are bound to subscribe at least one share. The rural banks are authorised to carry on the business of giving credit for the provision of agricultural working capital, and they may be authorised by the Ministry of Agriculture to supply credit for land improvement. They can carry on ordinary credit operations to an amount not exceeding 25 per cent. of the assets handled, provided always such business is contemplated by the rules. They must employ their available funds preferably for the benefit of their members.

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The business done with non-members by each bank must not in any case exceed 25 per cent. of its total business. The general meeting of members fixes each year the maximum credit which can be granted to any one borrower. The banks may receive deposits only in cash. Ten per cent. of the deposits received must be deposited on interest-bearing current account with the Bank of Italy or with other institutions specifically named. Sums in excess of the requirements of any society must also be deposited with the same institutions. The societies must allocate nine-tenths of the annual net profits to the formation and maintenance of a reserve fund, until such time as it becomes and remains equal to at least a tenth of the amount of the deposits of all kinds received. Sixty per cent. of the reserve fund must be invested in State securities, in securities guaranteed by the State, in land bonds or in other securities regarded as being on an equal footing. The societies are subject to the supervision of the Ministry of Agriculture and Forests.

While these societies carry on business in the country districts, mainly for the benefit of small farmers, the *People's Banks* (*Banche Popolari*) carry on business in the towns and in the large agricultural villages for the benefit of traders, manufacturers, farmers, clerks, etc. At the end of 1931 there were 531 People's Banks with a paid-up capital of 3,371,000,000 liras, with reserves amounting to 324,500,000 liras, deposits to the amount of 4,681,600,000 liras and bills in hand to the amount of 2,895,300,000 liras.

### AGRICULTURAL CONSORTIA

These are co-operative societies for the purchase and the supply to members of agricultural requisites (seeds, fertilisers, spraying materials, machines and implements). They number about 350. They are tending more and more, in recent years, to take up the sale of produce. For this purpose their Federation

of which the headquarters is in Rome, has established the following specialised sections :

1. *The Section for the Collective Sale of Agricultural Products* (Bologna), which undertakes, in particular, the export of fruit (citrus and other) and vegetables, controlling with the utmost care the quality of the produce and the packing. It has business offices in Milan, Berlin, Vienna, Basle, Paris, London, etc. In 1932 it exported 255,000 quintals of produce as compared with 208,000 quintals in 1931.

2. *The Office for the Sale of Cereals* (Naples).—The necessity of sustaining the price of wheat has induced the farmers to bulk their grain and sell it collectively. In 1932, through the medium of the office, 3,150,000 quintals of wheat were bulked, the sales amounted to 1,586,171 quintals as compared with 574,963 quintals in 1931.

3. *The Office for the Sale of Cocoons* (Milan).—The object of this Office is to regulate the sale of cocoons in such a way as to assure a remunerative price to the silkworm rearers by taking them out of the hands of the speculators. Up to December 31, 1932, there had been sold through the medium of the Office, 1,862,000 kilogrammes of cocoons, by February 28, 1933, the sales had reached 2,420,000 kilogrammes.

4. *The Office for the Sale of Wine* (Milan), the object of which is to bring the producer closer to the consumer and to encourage producers to make those types of wine for which there is the greatest demand.

The Italian Federation of Agricultural Consortia, while giving technical and economic help to the affiliated societies, is, in its turn, directly engaged in the trade in agricultural requisites. It makes collective purchases of fertilisers, seeds, feeding stuffs, and machines and distributes them amongst the federated societies. It thus supplies to Italian agriculture almost 50 per cent. of the total quantity of fertilisers required. In 1932 it sold fertilisers to the value of 183,000,000 liras as compared with 147,000,000 liras in 1931. In forty years of business activity it has sold to the agricultural consortia goods and machines to the value of over 4,000 million liras, and allowed them credit to the amount of more than 2,000 million liras. The Federation has recently organised the sale of beef in Rome by opening shops in the

different wards of the city. The Co-operative Meat Consortium, formed in March, 1932, receives cattle from the consortia, particularly those of the Marches and Umbria, arranges for slaughtering them and sells the meat directly to the consumers. The Meat Consortium received between March 21 and December 31, 1932, 2,737 head of cattle to the value of 2,751,000 liras.

To assist the agricultural consortia which, in consequence of the crisis, have found themselves in financial difficulties, chiefly on account of the extent to which their credits have become "frozen" in recent years, and to assist their Federation itself, the Financial Institute of Agricultural Consortia (*Ente Finanziario dei Consorzi Agrari*) was established by the Laws of May 30, 1932, No. 752, and of February 23, 1933, No. 170. Its funds are derived from a contribution from the State of 6,000,000 liras per annum for thirty years and by the shares taken by the member institutions. The Minister of Agriculture has also been authorised to make a contribution not exceeding 4 per cent. per annum towards the interest payable by farmers on the loans granted to them by agricultural consortia and by the Federation on the security of produce delivered for sale.

#### CO-OPERATIVE DAIRY SOCIETIES

These societies numbered 4,188 at the end of 1932, and had a membership of 237,349. In 1931 they handled 8,241,200 quintals of milk. There are different types of dairy societies, including :

1. Family dairies for handling milk in turn (*latterie turnarie famigliari*), based on the mutual confidence of the members, at whose houses the milk is handled in turn,

2. Co-operative dairies for handling milk in turn (*latterie turnarie sociali*), in which the milk is transformed on premises and with plant which are the property of the group, and always by the same buttermaker or cheesemaker (*casaro*) ;

3. Co-operative dairies with unlimited liability, which represent a more

advanced form of organisation both from the technical point of view and from the juridical point of view ; they are regulated by the Commercial Code which establishes precise legal relations between the members and the society. These dairies either divide the produce amongst the members or sell it on their account

4 Co-operative dairies with limited liability, also regulated by the Commercial Code. This form of society is best suited to the large dairies of the plains. They contain milk-supplying members and capitalist members, the liability of all being limited. These dairies also divide the produce amongst the members or sell it on their account

5. *De facto* societies, which are numerous in Lombardy and Emilia

The co-operative dairies are grouped in a National Federation which endeavours to make more widely known the principles of good dairying practice, organises courses of instruction for butter-makers and cheesemakers, carries on propaganda in foreign countries in favour of Italian dairy produce and gives ample economic assistance to the classes interested in dairying.

#### CO-OPERATIVE WINE-MAKING SOCIETIES

At the end of 1932 there were 158 of these societies, with 15,869 members and a storage capacity of 1,219,900 hectolitres. They are grouped in a Federation, with headquarters at Modena, which, besides watching over their interests and organising new societies, actively encourages the improvement of vine-growing and facilities for marketing in Italy and abroad the products of the affiliated societies. In June, 1928, it formed a co-operative society for the utilisation of the residues of wine-making with headquarters in Modena, in the province of which there are 18 co-operative wine-making societies, handling on an average about 20,000 quintals of grapes a year. To this Federation may belong not only co-operative wine-making societies, but also individual vine-growers who on their own premises make wine from grapes of their own production and even commercial wine-making undertakings. The establishment was equipped for the handling



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of 80,000 to 100,000 quintals of residues. In 1930-31, 30,700 quintals were handled, for which an average price of 10 liras the quintal was paid to the members; in 1931-32, 43,462 quintals were handled. For 1932-33 it is anticipated that between 50,000 and 60,000 quintals of residues will be handled. A similar co-operative society, to which 13 co-operative wine-making societies in Alto Adige are affiliated, was formed at Bolzano in July, 1932; it proposes to utilise not only the by-products of wine-making, but also rejected fruit or fruit that cannot be absorbed by the market.

### OLIVE-GROWERS' CO-OPERATIVE SOCIETIES

There are about 30 olive-growers' co-operative societies for production and sale, with a membership of 5,000 and a capital of 2,000,000 liras.

### CO-OPERATIVE SUPERPHOSPHATE FACTORIES

There are 18 co-operative superphosphate factories with a productive capacity of about 4,000,000 quintals out of a total productive capacity of 20,000,000 quintals for all the factories in the country. In 1932 they sold 1,915,910 quintals of superphosphate.

### CO-OPERATIVE COCOON-DRYING SOCIETIES

Of these societies there were 128 in 1932, which handled cocoons amounting to 7,047,000 kilogrammes, 18.54 per cent. of the national production

### CO-OPERATIVE LANDHOLDING SOCIETIES

There are 399 of these societies cultivating 115,000 hectares of land, held in tenancy or in ownership. They include two distinct types of society. The aim of societies of the first type is, by renting land in co-partnership, to establish on the land

groups of labourers who cannot find the possibility of becoming share tenants and of having a holding at their disposal. Societies of the second type aim at facilitating, where it is possible and advisable, the breaking up of large properties and the formation of holdings ; they give facilities to the members to acquire and occupy holdings which they can cultivate independently on their own account. A successful group of landholding societies is that of the Province of Ravenna, where there are 23, all affiliated to the Federation of Co-operative Societies of that province. They cultivate in the aggregate about 9,000 hectares, giving permanent employment to 6,000 workers who are participating members, to which must be added about 2,000 casual workers annually on the average. This group of societies has brought under cultivation extensive tracts of land which were formerly marshy and uninhabited.

#### THE NATIONAL INSTITUTE

The kinds of societies to which we have referred above are all strictly agricultural in character, but there are various forms of societies which are of mixed character. Thus, to the National Fascist Institute of Co-operation (*Ente Nazionale Fascista della Cooperazione*) are affiliated 3,240 co-operative consumers' societies, which distribute annually goods to the value of 1,000 million liras and in rural centres sell also agricultural requisites. To the same Institute are also affiliated 1,306 co-operative labour societies which carry out annually works to the value of 500 million liras ; 244 co-operative transport societies which in 1931 paid in wages to members 32,126,612 liras ; 696 co-operative building societies which erected buildings to the value of 1,170,169,931 liras, etc. In all, there are 6,695 co-operative societies affiliated to the Institute and 4,367 mutual insurance societies, making a total of 11,062 societies, with a membership of about 2,000,000.

Lastly, it may be noted that at its sitting on November 30,

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1932, the National Council of Corporations laid down as follows the guiding lines for the reform of the legislation relating to co-operative societies :

- (a) To co-ordinate the laws on co-operation so that the legal provisions regulating it shall be organic, clear and complete ;
- (b) To bring the laws on co-operation up to date, observing the following principles :
  - (1) To put clearly in evidence the distinctive character of co-operative societies and the fundamental rules of their working ,
  - (2) To lay it down as a condition for the legal recognition of co-operative societies that they shall be ascertained to possess certain defined economic and social requisites ;
  - (3) To combine more organically the general provisions with the special provisions, which are modified from time to time to adapt them to new conditions in the life of the co-operative societies ;
  - (4) To complete and perfect the organisation of the supervision of co-operative societies ,
  - (5) To regulate the formation and working of co-operative bodies composed of co-operative societies or comprising both individuals and corporate bodies.

# CZECHOSLOVAKIA

BY

JUDR. F. V. VAVRA

As in other states, this year has been characterised in Czechoslovakia by the progressive endeavours for economic autarkia, to minimise importations of agricultural produce, in the first place, and to reach independence in wheat provisions by enlarging the sown area. According to the reports of the State Statistical Board, these efforts have been successful, thus making any import of foreign wheat unnecessary. As other grains, corn, barley and oats have shown considerable surpluses, it was the first task of Czechoslovakian Agricultural Co-operation to co-operate with our Government to the end of securing right prices for these cereals, and we are proud to announce that we have fully succeeded.

The following means and methods of fixing and stabilising prices have been adopted :

(a) *Economic-Technical.*

1. Prolongation of the Grain Syndicate. The idea of a grain monopoly was abandoned totally, as the expenses of the State were estimated at about 250 million crowns.
2. Interventional purchases of wheat and corn on the Czechoslovakian Corn Exchanges, undertaken by the Co-operative Unions. According to an estimate, there have been saved 300 million crowns to the farmers through these interventional purchases ; and the price of corn has been raised from 70 to 90 crowns.
3. Storing of about 50,000 tons of rye and wheat purchased by the Intervention Fund.

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4. Conversion of last year's rye surplus for feeding purposes and grinding of rye to that end
5. Prohibition of importation of feeding stuffs.

### (b) *Financial.*

1. Opening of a credit of 300 million crowns by the National Bank on warrants and special grain bonds signed by the Central Unions of Agricultural Co-operatives.
2. Reducing of the rate of interest on the above bonds to 4-4½ per cent.

### (c) *Legislative.*

1. Law on Grain Mortgages and on Public Grain Storehouses of June 28th, 1933, No. 107 According to the first part of the Law, worked out by Judr. F. Feierabend, General Manager of "Ko-operativa", the farmer who owns a minimum of 25 quintals of grain of any sort, is allowed to pledge this grain against a mortgage and can borrow 66 per cent. of the value of the grain at 4½ per cent. According to the second part of the Law, any co-operative society founded according to the Co-operative Law of 1873, upon having fulfilled certain conditions, may be declared a Public Warehouse with the right of issuing warrants on the grain stored therein.
2. Governmental Decree of August 14, No 168, taking power to syndicalise all agricultural production There are already in function the following syndicates. Potatoes, Cattle, and Timber Syndicates; special syndicates for export of cereals, viz. barley and oats, are being planned.

In spite of the present crisis, Czechoslovakian agricultural co-operation is proceeding well, as may be shown by the following figures: whereas in the year of 1910 there were not more than 10,000 farmers purchasing and selling through their co-operatives, in 1927 there were 78,000, and in 1932, 98,000. In 1910, total sales of co-operatives were 70,000 tons; in 1927, 720,000 tons, and in 1932, more than 940,000 tons, to the value of 820 million crowns. "Ko-operativa", the Wholesale Society, in 1932, sold goods to the value of 476 million crowns. The gross profit of the societies was 5 per cent. on the average; the total expenses

of "Ko-operativa" were about  $1\frac{1}{2}$  per cent., thus about  $6\frac{1}{2}$  per cent. is the rate the public pays for the service of our co-operation. Similar reckonings in other countries show the cost of Swiss co-operative purchase in 1927 as 12.74 per cent. and Polish, 13.6 per cent.

Many other problems, besides the prime question of price stabilisation, have had to be solved, of both commercial and organisational characters. For example, (1) the competition of district societies has been met by the means of a precise delimitation of the respective districts and signing of the "Rayon Regulations"; (2) foundation of a fund to cover losses on business credits; (3) the question of agricultural retail societies' shops became very pressing and was solved by establishing these shops in connection with Co-operative Warehouses; to provide these societies with cheap necessities, a wholesale society, "Druzka", has been formed recently.

Our co-operative storehouses participated also intensively in the marketing of cattle, for which a great support of the State was given in creating a special Cattle Syndicate, which has been very beneficial for our farmers, as may be seen from the following figures: whereas in 1932 (January to September) before foundation of the Syndicate, there were imported 10,560 quintals of butter, 104,829 pigs, and 124,966,000 eggs, in 1933 the corresponding figures are much smaller, *viz.* only 3,767 quintals of butter, 81,416 pigs, and 78,389,915 eggs. Dairy societies are also advancing successfully: 20 million litres of milk in 1931, and 78 millions in 1932.

The credit problem has been a most important one also in this year. Our credit co-operation has grown from 6,151 societies in 1924, to 7,701 societies in 1932. In private enterprise in Bohemia in 1926, there were 1,553 bankruptcies, with liabilities of 276 million crowns, and in 1931, 2,900 with liabilities of 431 million crowns. Meanwhile, our Agricultural Credit Societies

reached the following position: 5,276 societies; 935,676 members; over 6 milliard crowns in deposits, and over 4½ milliards in loans.

The Kampeličky banks, the foundation of our agricultural credit co-operation, working over forty years in the service of our farmers, combined in 1919 over 150,000 families, and in 1932 over 255,000 families. The number of depositors rose from 320,000 in 1919 to 645,000 in 1931. Their deposits rose from 584 million crowns in 1919 to 2,300 millions in 1931. The Kampeličky banks are also the cheapest source of credit for our farmer. In 1919 they made 28,000 loans, amounting to 54 millions; in 1931, 168,000, totalling 421 millions of crowns, at 5 per cent. to 5½ per cent, the bank rate of interest being twice this figure. There are about 24,000 persons engaged in the duties of these credit societies, all volunteers except the cashiers, who are paid a negligible sum.

The Co-operative movement has been active in credit legislation and has been honoured in the appointment of its General Manager of the Central Union of Czechoslovakian Agricultural Co-operation, Judr. F. L. Dvořák, as Vice-Governor of the Czechoslovakian National Bank. The mortgage debts of our farmers rose from 12,692 million crowns in 1927, to 22,845 millions in 1932. The following laws have been passed on their behalf: (1) protection of agricultural debtors against consequences of the bankruptcy regulations (as from August 8, 1933, to December 31, 1933, there can be no foreclosure on the property of a person for whom agricultural production is the only source of income); (2) alterations of the Credit Law for acquiring land according to the Land Reform (amendment of the Land Reform Law, No. 60, 1920); (3) Law of June 9, 1933, No. 95, regulating the purposes of credit societies. Bills, in which our credit movement is actively interested, provide for the centralisation of accountancy service, the legalisation of orphans' deposits in Kampeličky banks,

and the amendment of the Fundamental Co-operative Law of 1873, which no longer corresponds with the modern development of co-operation.

Besides the progress recorded in dealing with questions of grain, cattle and dairy produce, there has been a great advance in the co-operative marketing of fruit, the average turnover for the five years 1927-31 was 4,982,000 quintals, in 1932 the quantity was 7,231,000 quintals

Other matters of importance to the movement have been the development of business relations with the consumers' co-operative movement, and International Co-operation, in which Mr Ing. Ferd Klíndera, Chairman of our Central Union, has been active for many years. At the autumn meeting of the International Committee for Inter-co-operative Relations, there was again statistical proof of growing business relations between agricultural co-operation and that of consumers. Co-operative education—including films, broadcasting and special courses—has also had much attention. Co-operative ideals are being propagated more and more intensively with the conviction that only by means of the largest realisation of them can we extricate ourselves from the present crisis



# HUNGARY

BY

DR. JULIUS BERNAT

ALTHOUGH the general economic crisis has had a very unfortunate effect on the Hungarian agricultural co-operative societies, it can still be asserted that these societies have at least maintained their former position.

As a result of the great financial difficulties of Hungary, the National Central Credit Co-operative (which has existed since 1898) has had a very difficult part to play. It has had to struggle to maintain the existing credit of its affiliated societies, and also to make possible their extended activity.

At the end of 1932 the central had a share capital of 20,790,000 pengoe (£1 equals 28 gold pengoe) which represented an increase of 440,000 since the end of 1931. Loans made to the affiliated societies through the central amounted to 147,600,000 pengoe.

At the end of 1932, there were 1,016 societies affiliated to the central as compared with 1,022 in 1931, and their sphere of activity covered 2,650 parishes (the total number of parishes in Hungary is 3,433). Their total membership, including the members of the so-called District Credit Co-operative Societies, was 386,540. All the credit societies affiliated to the central had a total share capital of 30,520,000 pengoe, and deposits of 32,290,000. The value of the loans outstanding at the end of this period amounted to 214,770,000 pengoe. The central showed a profit of 502,760 pengoe for the year 1932. The marketing of grain is also carried on through the credit organisa-

tions, and in this way 800,000 double cwts. were handled, to a value of 13 million pengoe.

Affiliated to 50 credit societies, there are now working 54 co-operative land leasing societies, with 6,542 tenant members, who are farming 31,173 joch.\* Further, there are 13 co-operative societies of labourers (roads, irrigation work, etc.) with 3,101 members.

The universal fall in the price of agricultural produce and the difficulty of exporting, has much reduced the purchasing power of the agricultural population of Hungary. This circumstance has naturally affected very seriously the activities of "Hangya" (the Ant), the productive and consumers' co-operative centre, which is so closely associated with agricultural production. At the end of 1932, the central had an affiliated membership of 1,573 societies, as against 1,616 at the end of 1931. The turnover of goods sold through this centre was in 1932 only valued at 46,640,000 pengoe, as against 58,190,000 in the previous year. The decline in groceries from overseas and in all foods imported from abroad, is especially great. From the point of view of modernised production, it is also much to be regretted that the turnover in agricultural requirements, artificial manure, tools, machinery, etc., is much fallen. The drop in the turnover in agricultural machinery and implements for arable cultivation, is as great as 45 per cent. In the larger pieces of agricultural machinery sales were trifling or non-existent.

On the other hand, the efforts of "Hangya" to organise the sale of agricultural produce has had excellent results. In the year under review 10.5 million eggs were sold as against 4.6 million in the previous year, and 172,000 kgs. of poultry as against 74,500 kgs. in 1931. The central has taken up work in connection with the marketing of fat stock, which is expected to have good results.

\* Joch = 1.422 acres.

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The Co-operative Building Society for small rural dwellings, gave credit to the value of 852,190 pengoe in the year under review (1931, 6,630,000). The total credit granted to 37,093 applicants since the date of its formation, amounts to 51,150,000 pengoe. The society had at the end of 1932, 15 depots and a turnover amounting to 751,000 pengoe (1931, 1.3 million).

The difficulty experienced in marketing milk has had a stimulating effect on the efforts towards organisation amongst milk producers. The number of milk societies affiliated to the Hungarian National Milk Co-operative Centre, had reached 305 by the end of 1932. During the year under review, 54 societies were founded, and 71 existing societies affiliated to the central. The turnover of the central amounted to 56 million litre. The quantity of milk sold through it showed a decline of 22 per cent. on the previous year. It must, however, be noted, that the sale of 37 million litres of manufactured milk showed an increase on the previous year of 19 per cent. Butter export also increased, and amounted to 983,000 kgs. as against 762,112 kgs. in the previous year.

The Agricultural Insurance Co-operative maintained its position during the year. Its share capital of 1.55 million pengoe, has scarcely altered since the previous year. The premiums received amounted to 6.9 million pengoe as against 7.72 in 1931, and it showed a profit of 40,535 as against 45,923 in 1931.

# JUGOSLAVIA

BY

A CORRESPONDENT

ALTHOUGH the year 1932 opened with what many hoped were signs of reviving prosperity, these in fact proved illusory. In Yugoslavia the year was one of peculiar difficulty, since the Yugoslav money market did not share in the return of cautious confidence experienced in other countries. Depositors and investors who had taken fright in 1931 did not regain confidence, and co-operative credit societies suffered along with other financial establishments. Further, the general position of agriculture did not improve and the purchasing power of the peasants—the principal debtors of co-operative societies—fell so low that no general repayment of debts was possible, and the credit societies were left with many loans outstanding which they were unable to realise. Another aggravating circumstance has been the extent to which credits transferred from foreign countries have had to be repaid. On the other hand, the fall in prices ceased in the second half of the year and there was even a slight rise, but this has not sufficed to bring the wholesale price of agricultural, and especially arable products, up to the general price index, while the price of industrial products is considerably above it, thus perpetuating the discrepancy between the two. Further, while many Yugoslav peasants are members of co-operative credit or purchasing societies, a large number still market their produce through private merchants and middlemen, and thus fail to realise the best prices ruling, a failure which in turn reacts on their solvency and purchasing power.

In such circumstances it is idle to expect either agricultural or co-operative progress, though it can safely be said that co-operative institutions have suffered less than others. The situa-

tion at the beginning of 1932 called for a number of urgent measures—the regulation of agricultural indebtedness, a general reorganisation of the credit system of the country, and the safeguarding of financial institutions, especially in the matter of withdrawals of deposits; increased credits for agriculture; reorganisation of the co-operative credit system, reorganisation or abolition of the national grain monopoly of 1931. A step towards dealing with the general problem of agricultural indebtedness was taken by an Act of April, 1932, which did something to regularise the position of agricultural debtors and creditors, and especially to protect the debtor from forced sale and dispossession. Co-operative and state institutions, however, were expressly placed outside its provisions. Much discussion and a semi-official enquiry followed, but the position remained obscure.

The co-operative movement was accused of harsh treatment of debtor members and replied with a statement based on the reports of 4,372 societies to the effect that, whereas loans outstanding at the end of 1931 amounted with capitalised interest to a total of 1,194 million dinars \* (approximately £5 million), repayment had been demanded in the case of only 1.38 per cent. of this sum, legal proceedings had been taken affecting less than 1 per cent., and forced sales had been limited to .01 per cent. spread over 118 cases and giving an average of about £40 in each case. All these steps had been taken with the consent of the committees and were absolutely necessary to the survival of the societies in question. The co-operatives themselves have also been placed in a difficult position owing to the pressure exercised by their creditors, principally state institutions, to deal more firmly with their members.

Throughout the year the General Federation of Co-operative Unions collected facts and opinions from its members. In September it took part in a conference called by the Minister

\* £1 = 235 dinars.

of Commerce and Industry, at which all chambers of commerce and professional bodies were represented, and the subject of the protection of the agriculturist and the conversion of agricultural debts was discussed. In October the Minister of Agriculture submitted a Bill to the Yugoslav Parliament dealing with the credit situation in agriculture. This was several times revised and was at all stages much criticised by the co-operative associations. It was pointed out that all previous measures had merely resulted in a restriction of the peasants' existing borrowing powers without offering any fresh sources of credit, and that any reduction of peasant indebtedness should not call for sacrifices on the part of the co-operatives which were the peasants' own organisation, the working capital of which was derived to the extent of 76 per cent. from the shares and deposits of peasant members. It was further pointed out that co-operation presented "a singularly happy synthesis of individual and collective interests" and that it was accorded favourable treatment throughout the world. The case for the special treatment of co-operative credit societies based on these arguments received, however, but little attention, and the whole question was allowed to drift without any new legislation.

The only definite changes have been (1) that co-operative societies are now included among the institutions for which a compulsory legal control may be instituted without proceeding to liquidation, but unfortunately also without consulting the General Federation, and (2) that societies receive certain safeguards against the demands of depositors. A proposal was also put forward officially for the creation of a Central Co-operative Bank in the form of a public utility, but this proposal was dropped while the exact nature of the bank and its funds was still under discussion with the co-operative representatives.

By the law of July, 1931, the State conferred monopoly rights over the export and import of wheat, rye and wheat flour

on a privileged corporation under the name of "Prizad", which had also the sole right to sell wheat to the home mills. This body appears to have had neither capital nor experience adequate to its task, and by the beginning of the new year there was a universal clamour for its reform or suppression. In March, 1932, internal trade in cereals was removed from the sphere of the monopoly, which retained its rights over imports and exports; the price for the purchase of wheat on behalf of the State was, however, fixed only up to July 1, 1932. The co-operative movement has held throughout that some system of State control, preferably extending over other branches of internal and external trade, is essential if the peasant is to secure a reasonable return, and a number of proposals, including suggestions for the payment of taxes in kind, have been laid before the government.

The membership of the co-operative movement in 1932 was 893,770, an increase of 7 per cent. on 1930, when the last statistics were published. It is calculated that this represents about one-third of the population, and probably half the rural population. Of the total membership, 87 per cent. is affiliated to the General Federation, and 11 per cent. consists of credit societies formed under a special law. Societies are divided according to their functions, as follows.

Credit . . . . .	4,552	(Excluding special
Sale and purchase . . . .	1,363	credit, 1,493)
Farming communities . . .	449	
Creameries . . . . .	159	
Grain marketing . . . . .	117	
Wine making and selling . .	87	
Other agricultural production	173	
Industrial Production . . .	122	
Animal and poultry breeding	315	
Health co-operatives . . .	84	
Various . . . . .	448	
	7,860	

The increase in the number of societies since 1930 has been 10 per cent. Of the total, 79 per cent. are affiliated to the General Union, and most of the remainder are the special credit societies referred to above

The Auditing Unions and central co-operative trading organisation have made a certain general progress in spite of adverse conditions and the virtual suspension of some branches of their activity. Their total capital has very slightly fallen, but their "own" capital, provided by shares and reserves, has risen by 300 per cent. and now stands at nearly a quarter of the total, which amounts to 757 million dinars (roughly £3 million). Deposits have to some extent fallen, and now stand at 314 million dinars. Loans from central to local co-operative organisations stand at 433 million dinars, and also show a slight reduction. Turnover in goods, however, has risen by 52 per cent. and now stands at 341 million dinars. The increase has been most remarkable in the marketing of agricultural produce, where it amounts to nearly 130 per cent. The sale of Agricultural requirements has actually fallen, while the sales of domestic requirements have only slightly risen. These figures are interpreted as showing that the great majority of at least the smaller peasant holdings have for the time being totally abandoned the use of artificial manures and the purchase of new machinery and implements. The total turnover of central co-operative organisations of all types is given as 8,932 million dinars (£38 million), an increase of 22 per cent on 1930. Less is known of the statistics of local societies, but it is understood that a considerable reduction in deposits has taken place.

The General Federation has received a new affiliated member, the Auditing Union of the Agricultural Communities of Skopje, which brings the total of its adherents up to 22. In addition to the courses arranged for auditing unions, there are two permanent co-operative schools, one at Ljubljana (formed in 1903) and the



other at Zagreb (formed in 1929). Both receive pupils, usually under twenty-five years of age, who have as a rule not received any education beyond that of the primary school. Agricultural and general, as well as co-operative, subjects are taught. The Ljubljana School, which has strong regional interests, had 23 students in 1932, most of them from the immediate district ; the Zagreb School, 36, drawn from all parts of Yugoslavia. The General Federation set up in 1931 two new committees, one for artificial manures and the other for grain. The manure committee has done something to co-ordinate the work of existing co-operative factories, but, as already shown, the trade in artificials declined during the year. The grain committee has been chiefly occupied with supplies of grain to the army. The National Federation is a member of the Special Commission of Agricultural Co-operation, the International Co-operative Alliance and the International Committee of Inter-Co-operative Relations.

# BULGARIA

BY

DR. B. YANTCHOULEFF

THE development of the Bulgarian co-operative societies since 1930 presents several features of special interest. The outstanding characteristics of this development for the last three years are the following: (1) difficulties in the credit functions of the co-operatives; (2) considerable increase of co-operative marketing of agricultural products; and (3) the complication and the acuteness of the problem of indebtedness.

These three economic phenomena, as will be seen below, are in full interdependence and are common consequences of the international economic crisis. The difficulties of the town and village co-operatives increase simultaneously with the falling of the prices of agricultural products, the proceeds of which form the foundation of the national income of Bulgaria. There is not yet published any official statistics for the overdue bills of the town and village credit co-operatives; such information is available only for the Popular Banks. Regarding the position of the agricultural co-operative societies, the Bulgarian Agricultural Bank, in its report for 1931, states that payments are overdue in the different districts of the country from 30 to 90 per cent. The Popular Banks, which are credit co-operative societies of the Schulze Delitzsch type and function in the towns as well as in the villages, are in a better position: of the total number of the banks, 221, 34 have overdue bills up to 50 per cent., and one bank has up to 80 per cent.

The position of the private banks, especially that of the small joint stock banks in the province, is worse. We could say, therefore, that the Popular Banks in Bulgaria have weathered much better the economic crisis than either the private banks or the village co-operatives of the Raiffeisen type.

Yet, we must say, that with the best of will the Bulgarian co-operator is not in a position to meet his obligations incurred during 1925-30, when the price standard was much higher than during recent years. The present wholesale price of wheat comes to hardly 20 per cent. of its price in 1926; the price of tobacco, especially of the higher qualities, is 15-20 per cent. of its average price during 1928.

It is apparent, therefore, that, although the Bulgarian co-operator is very modest and frugal in his manner of living, he cannot, at the present low prices of his products and with his meagre income, be regular as a debtor and taxpayer. This reduced position of the co-operators forced the credit societies to limit their activities. The loaning of money was reduced to such an extent, especially by the Agricultural Societies, that they were very soon deprived of means for their administrative expenses.

#### CO-OPERATIVE MARKETING

A happy turn in the position of the credit co-operatives and especially of the village co-operatives, was brought about by the development of sales and supplies. During 1932 the joint supplies effected by the village co-operatives amounted to Levas 1,007,423,000, against 319,000,000 Levas supplies for 1931. Of the total amount of these goods, 38 per cent. were groceries and 27.1 per cent. salt.

The joint sales of agricultural products effected by the village co-operatives during 1932 amounted to 527,000,000 Levas, of which 44.1 per cent. is represented by cereals, 22.1 per cent. by

tobacco, followed by eggs and other products. The Agricultural Societies have used some of their raw products for co-operative manufactures, which amounted to 346,000,000 Levas, first place in which is taken by tobacco and lumber. Thus the co-operative marketing of the Agricultural Societies during 1933 reached the total of 1,800,000,000 Levas.

The Popular Banks, through their central Zadruga, have also effected common sales of cereals during 1931 and 1932, to a total quantity of 43,890,000 kgs. Some Popular Banks during recent years have organised an export trade for eggs.

The consumers' co-operative societies, organised in their central Napred, have developed normally their activities, succeeding in attaining a decisive influence in the sale of some of the more commonly used articles, such as sugar, salt, seed, oils, etc

With an almost complete stoppage of their usual credit activities, the village co-operatives are functioning only through their recently started economic activities. In spite of these new activities of the co-operatives, however, the Bulgarian peasant is in a desperate position due to the low prices of his products. His reputation as a good payer is badly suffering at present, as he finds great difficulty in meeting his obligations, even to his co-operative. Thus his credit difficulties created the so-called debts problem. As early as 1931 this problem became the motto of many political parties. The majority of the electors gave their confidence to those political parties who promised them most relief. The leaders of some parties promised the peasant a reduction of his debts, up to 50 per cent., and a considerable reduction in the land tax. The latter was actually granted to landowners who own less than ten hectares of land. The promised 50 per cent. reduction of debts was not granted, but on the other hand several laws were voted in the National Assembly which gave a partial relief to debtors, including a law for the relief of

the peasants, a law for the preventative concordat, a law for a reduction of interest on loans.

These laws, however, which are in force for a period of one year, did not give the desired relief. On the contrary they brought about a demoralisation of the debtors and the consequent disorganisation of credit. Therefore, the Government, realising the difficulties of the debtors, and the reverse effect of the recent legislative attempts in this direction, is now preparing a new law for the settlement of debts, which, at the same time, will suspend all other effective laws. The new law provides for the payment of all debts over an extended period of time, with minimum interest.

The whole economic life of Bulgaria is in great difficulty, owing to the heavy debts weighing upon the peasant, and the main difficulty comes from the lack of markets for his agricultural products and the heavy drop in commodity prices. The industrial countries of Central and Western Europe, which are the main purchasers of Bulgarian agricultural products, in their aspiration for self-sufficiency, put Bulgarian exports in great danger. Due to the reduction of exports, imports could not be sufficiently financed, and a large reduction in the latter has resulted. Certain hopes had been entertained towards the London Economic Conference; its failure created disappointment and a certain pessimism for the future, so much the more that some of the agreements arrived at this Conference, such as that for wheat, do not give practical results; the price of wheat continues to drop. For the sale of tobacco, which is the main article of Bulgarian exports, and the stabilisation of its prices, no agreement could be reached among the Balkan states, much less any international agreement.

With reduced imports and exports, the Bulgarian economic life cannot secure sufficient income for the different classes of its productive population, and at the same time this position

reacts unfavourably upon the State finances. In spite of the constant reduction in the salaries of State employees, the latter receive at present their salaries as much as four months in arrear. The municipal employees of a number of town and village municipalities receive their salaries as much as six months in arrear. As Bulgaria has an industry partially covering the needs of the local market, unemployment, although increased, is not a social disaster as elsewhere.

Bulgarian public opinion regards the complicated political situation of Europe as one of the actual causes of the existing international economic difficulties, and believes that only mutual co-operation and full confidence among the peoples can bring certain relief from the heavy economic depression affecting the whole world

# GREECE

BY

SPIROS ANDONIADES

THE co-operative societies in Greece, although young in age, have had to face many difficulties. The economic crisis which broke out in 1929 continued, becoming more and more acute in Greece as the time passed. Weak economically, as they were, the co-operatives could not respond to every demand of the members, and therefore their work was very much criticised. The special difficulties depended on the character of agriculture in every district. In the cereal-growing districts the crisis, contrary to the years 1929-31, during the last two years was felt less than in any other district. The tobacco growers had to suffer the most. Every other agricultural product was somehow absorbed ; but for tobacco, the markets were closed. Great quantities of crops remained unsold in the hands of the producers, burdened with heavy debts made with the co-operative societies, the National and Agricultural Banks, local shopkeepers, etc. The high prices at which tobacco was sold in previous years had encouraged the issue of big loans. The other farmers (cereal, vine, currant and olive growers) also had debts, but comparatively small.

The harvest of 1932 and 1933 was good and in some districts extraordinary. After the exchange rate of the drachme had seriously fallen, and the Government had taken several steps in view of protecting the prices of the agricultural products, the conditions in the country improved to a great extent. The question of tobacco, however, remained always an unsolved

problem. The State, in order to help the farmers and avoid the total loss of the crops, owing to lack of proper storing accommodation in the villages, bought the raw tobacco still in their hands (8 million Kilos.) at prices far from being sufficient to cover the amounts of warrant loans. Private firms bought the remainder of the old stocks at similar prices offered by the State. It was only after the clearing away of the produce, that the farmers and the co-operative societies, through which the loans were issued, realised in what a tragic position they were left.

The immediate call on the part of the farmers as well as the co-operative societies, was the settlement of the debts. The fall of prices, the diminishing of exports, the damages inflicted on the vineyards by the late frosts of 1932, etc., caused an increase of farm debts and the evasion of obligations. The Agricultural Bank of Greece, which was founded to serve the agricultural credit requirements, was unable to meet all needs. For this reason, the misery among the rural populations became extreme. The good harvest of 1932 and other factors, as mentioned above, contributed to the reduction of the old debts, and the appeal for new credits was not, in fact, very great, exception being made of the districts where the harvest was under normal and the land very short. The year 1933, for tobacco and cereal growers, proved to be luckier, the harvest was bigger (it is estimated that the production of wheat has increased by 50 per cent.) and the prices more favourable. It is, as yet, too early to express any opinion on its actual effect upon agricultural debts; one could, without hesitation, say that they will be considerably reduced. The debts will not be repaid totally, especially in tobacco-growing districts, where one meets farmers with a very small piece of land (0.60-1 hectare) who owe three times their normal year's production. The State, excepting the five years' moratorium, has not contributed to any definite solution of the problem of the farm debts. In September, 1933, a law was passed in view



of verifying the farm debts to private individuals. This may at last mean the protection of the farmer against usury. Private individuals (local merchants) will be left with some bad debts ; the National Bank will have few or none. The short-term loans issued by the Agricultural Bank will be repaid ; but only a small percentage of co-operative capital will flow back to the societies.

Under such abnormal conditions, it is obvious that the co-operative societies could not make great progress as they are, practically all, credit societies. The co-operators not only could not build up new co-operative capital for the extension of operations, but were unable to repay the co-operative funds borrowed in the past. In this way the co-operative societies, deprived of their means, hesitate to undertake any further operations.

Exception must be made, however, of the productive societies, founded in the course of the last two years (dairies, olive-oil mills, wine producers' societies, etc.) and many unions of co-operative societies (there were 81 at the end of 1932) which, with the help of the Agricultural Bank, undertake to sell farm products of their members or provide them with articles they need (artificial manure, seeds, fodder, sulphur, and in some cases with food-stuffs). The latter (the unions) in 1933 undertook to collect the surplus wheat from the producers on behalf of the Commission for the Protection of Wheat. This work was done previously by a private profiteering society. The successful carrying out of this transaction, in connection with the general betterment of the conditions of the farming class, promises to make the coming year, 1934, a progressive one from the co-operative point of view.

From the point of view of organisation, the co-operative movement made good progress, due to the close control on the part of the Agricultural Bank, which, through its constitution, undertook the responsibility for the promotion of co-operation. So far as co-operative education goes, very little has been done during the last two years.

# CO-OPERATION IN EGYPT

BY

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THE general financial crisis of 1907 caught Egypt unprepared to cope with its difficulties. The country depended on foreign capital and foreign "houses" for the transaction of its business, rural as well as urban, so much so that the withdrawal of this capital fundamentally affected the economic activity of the people. Ordinary banks, mortgage banks, agricultural banks, had all been introduced long before, but it was found that they never could serve the purpose of the small man, particularly in the country-side. Even the Government had tried to finance him directly but without success.

## I. HISTORICAL

With a standing crisis on the one hand, and failure of the above-mentioned means even in favourable times, on the other, it was natural to look for some other way by which the small farmer, who constitutes by far the great majority of the population, could be financed and strengthened in his capacity as buyer of agricultural raw materials and seller of produce.

The co-operative movement was again thought of, in spite of reactionary opinion that had confronted its introduction in the past, on the ground that such a democratic movement was dangerous to introduce into Egypt. Its very teachings, it was argued, might lead to the uncontrollability of the people by the

Government. Some said that the people were not ripe yet to understand the principles of co-operation and to act according to them. Others believed that co-operation should come after the national capitalist had been given a trial and proved a failure to serve adequately the small man.

These three problems and many others, foremost amongst which was one of a religious nature, have been fully discussed here. The Islamic religion, as is well known, does not permit usury. Conservative Moslems go further and hold that it forbids the taking of interest at all. Co-operative leaders explained to the people that co-operation was not for profit but for service, and thus the way was paved to get over this difficulty.

In the year 1908 the atmosphere was congenial for the laying of the foundation of the co-operative movement in Egypt. There was need for the movement, the public demanded it, and the right leader was found Omar Loutfy Bey—a well-known lawyer and public-spirited man—lost no time in gaining supporters for the movement amongst the intellectual classes before launching his co-operative campaign in town and in country. Foremost among his supporters was Prince Hussein Kamel, president of the Khedivial Agricultural Society. A committee was soon formed in that society, with Omar Loutfy as a prominent member. After studying the various problems concerning the movement and its application in the country, and after consulting well-known co-operators in France and Italy, foremost amongst whom was Luigi Luzzati, and after a few of its members had visited a number of co-operative societies abroad, the "*grandes lignes*" for the movement were drawn up. This was followed by a project for a law for Agricultural Co-operative Societies which was duly passed on to the Government in 1909 for consideration. Thus from the outset the movement took an agricultural direction, owing to the fact that the country, as well as the body

in charge of the subject, were both essentially agricultural. In the meantime, Omar Loutfy carried on his propaganda. His activities were not confined to agricultural co-operation, for he advocated the formation of whatever type of society would realise the requirements of the people. He did not leave them at that but drafted "model rules" for the running of agricultural societies, banks or consumers' societies as the case might be. Unfortunately he did not live long and passed away in 1911, leaving the movement in which he put his heart in its infancy. His followers felt his loss badly. At the same time the societies, suffering from the lack of a union which would uphold the principles of the movement and act as the societies' federation for educational and inspecting purposes, formed a Co-operative Union in 1912 with headquarters in Cairo. Unfortunately the best form of a central organisation was not chosen, for it comprised the functions of a union, a wholesale Society and a central bank, and its constitution was on a capitalistic basis, rendering it dependent on private capital to a great extent. No wonder that a centralised superstructure could not stand long on such a false foundation.

To come back to co-operative legislation, the Government did not take any steps in that direction until early in 1914, that is, two years after the "Five-feddan Law" had been passed. With the enactment of this law, the small farmer's difficulty in obtaining credit increased, for no attachment could be considered valid against a debtor who owned five acres or less. To help those small farmers to carry on their business in the circumstances, the Government thought of encouraging agricultural co-operative societies and drafted a law for the purpose, based on the old project of the Khedivial Agricultural Society; but this was shelved by the breaking out of the World War.

From that time until 1923, the movement was without central organisation or Government care of it; the few agricultural and

consumers' societies that were in existence got weaker and weaker till most of them disappeared.

The Political awaking of the country that followed the War rendered the Government more conscious of the economic needs of the people and the masses themselves more responsive to economic reform. The Government did not take long to pass the long-awaited Co-operative Law, thanks to past researches, projects and experience in the field of co-operative organisation, legislation and business. If we consider the year 1908 as the date of birth of the co-operative movement in Egypt, then 1923 is the date of its renaissance. The outstanding difference in these two landmarks in co-operative history in Egypt is the changing of policy from self-help to State aid. The reason for that change is the fifteen years' experience from 1908 until 1923 which proved that co-operation in Egypt for various reasons could not make real progress unless it received assistance from the Government. The policy adopted assumed to begin with, that the people and the State had each their part to play, and that if the former's part gradually increased, while that of the latter continuously decreased, the time would come when the movement would really be a flourishing people's movement. Under the new law a special Co-operative Section was founded in the Ministry of Agriculture for the registration and inspection of Agricultural Co-operative Societies. In 1927, after four years working under this law, 147 co-operative societies had 12,289 members, £E46,466 paid-up capital, £E3,996 reserves, £E6,275 bank loans, and a total surplus of £E3,856.

When public interest in democratic movements was raised after the establishment of parliamentary rule in the country, the need for a new general Co-operative Law, more in accordance with the spirit of the time, was felt. This law, the Magna Charta of the co-operative movement in Egypt, was passed in 1927, and under it the Co-operative Section was reorganised to

become in fact a State Co-operative Union undertaking the work of propaganda, education, inspection, auditing, issuing pamphlets, publishing a bi-monthly magazine and a year book, studying various co-operative problems and advising the societies on different subjects.

This Section is composed of a director, assisted by chief inspectors and chief auditor at headquarters, and a staff of inspectors, organisers and auditors stationed in different parts of the provinces.

The progress of co-operation since then, can be judged from the following statistics.

Year	No of Socs	Member- ship	Paid-up Capital	Reserve Fund.	Bank Loans	Surplus	Loans to Members	Supplies and other Services
			£E.	£E	£E	£E	£E	£E
1928	162	14,176	56,067	7,459	28,481	5,806	—	—
1929	217	22,336	80,985	9,558	127,454	11,881	126,484	122,190
1930	514	48,317	143,130	13,222	275,461	20,127	275,928	199,551
1931	539	53,441	154,243	19,175	202,243	13,859	178,949	174,676
1932	559	54,931	158,118	26,225	84,893	4,778	44,470	177,266

## II. THE SOCIETIES AND THEIR WORK

Almost all the societies are agricultural, of the general-purposes type, serving their members in different ways, chiefly in the supply of fertilisers, seeds and feeding stuffs, advancing loans to members for productive purposes, selling their produce and helping them to use modern agricultural machinery. About 5 per cent. of the societies deal in domestic requirements as well, such as sugar, molasses, soap, salt, etc. As the most prominent work of the societies is the advancing of loans, I shall begin by stating what has been done in this field.

### *Advancing Loans*

With the passing of the present Co-operative Law in 1927, Parliament authorised the granting of a State loan amounting

to £250,000 to which was added later on £100,000, to be deposited as required in Bank Misr for the benefit of the Agricultural Co-operative Societies.

The societies applied to the Co-operative Section for loans needed by themselves and their members, within the limits defined each year by their General Meetings. After due consideration as regards the needs of the society and its general situation, the Section advised the bank of the amount approved, the bank examined the security offered, and fixed the loan accordingly. This security was not only the liability of the members towards their society, as usually practised in such co-operative affairs, but was the personal guarantee of the members of the Committee of Management and sometimes the Council of Supervision as well. In a few cases the Committee men refused to act as guarantors, in others the bank declined to accept them as such, on account of their weak financial position, and in many cases they dictated to the society their terms for so acting; these were the weak points of the scheme. The bank paid the Government 2 per cent. interest and charged 4 per cent. to the societies, which in their turn charged 7 per cent. to their members, the difference of 3 per cent. being the maximum allowed by the Co-operative Law. The term of the loans was limited to twelve months, usually ending in December, that is, about three months after the picking of cotton, during which time the societies could collect from members and repay the bank. Before the present crisis the loans granted to the co-operative societies were fully paid before the end of the year, which fact has been duly and gracefully acknowledged by the bank in its annual report. With the coming of the crisis, defaulting societies began to be reported, and as the crisis continued, matters went from bad to worse, so much so that, to relieve the situation, an arrangement was reached between the Government and the new bank, the Crédit

Agricole d'Egypte, for payment of the societies' debts by instalments.

The following table shows the extent to which the societies benefited by the State loan :

	1928		1929		1930		1931	
	£E	No	£E.	No.	£E	No	£E	No
Amount applied for Approved by the Ministry . . .	76,684	47	219,976	142	499,007	315	512,977	353
Bank Commitments	55,030	47	174,143	142	370,193	315	323,997	353
Amount Advanced	36,730	32	149,603	139	305,595	287	189,397	283
Average Amount advanced per society . .	28,481	17	127,454	111	273,121	251	164,373	258
	1,675	—	1,148	—	1,088	—	637	—

In 1931 the semi-State capitalist bank, Crédit Agricole d'Egypte, was established, and the whole co-operative business which was being carried on till then by Bank Misr was transferred to the new bank. The system adopted was quite different. The societies are granted loans for specific purposes, and only at the time when such loans are required. If the purpose is the purchase of seeds or manures, things in which the bank deals, loans are given in kind. The principal cash loans are those for the purchase of cattle and agricultural machinery, and for the cultivation and picking of cotton. Further, the bank advances money on the security of such principal crops as cotton, wheat, maize and rice.

Although the rate of interest charged, 5 per cent., is 1 per cent. higher than that which used to be charged by Bank Misr, the member now pays 1 per cent. lower than before, 6 per cent. The security differs according to the kind of the loans. In the case of seeds and manures, the purchasing members are required to sign a list in which data about their orders and lands, etc.,



are given. The bank has by law the right of privilege and the right of administrative foreclosure which it can apply to the crops and cattle of those members. In the case of loans for the purchase of cattle and machinery, the Members of the Committee of Management act as sureties, so also in the case of loans for the cultivation and picking of cotton when the member is not a proprietor but leaseholder. In all cases, the society itself is the contractual debtor of the bank and as such is also responsible for the loan.

The terms of loans also differ. Those for seeds, manures and the cultivation and picking of cotton fall due with the crops. Those for the purchase of cattle and machinery are medium term, from two to five years, and are payable by instalments. Advances on crops are made for two months renewable.

This is the new system briefly stated, and if the old system had its weak points, the new one is viewed with much foreboding. To begin with, it not only paralyses the work of the societies to a large extent, but also obliges their members to purchase almost individually their most important requisites, namely seeds and manures, from the kinds it chooses and at the prices it fixes. Even if the supplies are well selected and the prices favourable—and that is not always the case—the method in itself is not co-operative; it is not conducive to collective action, nor does it encourage initiative. It is argued that it assures good quality and justice in distribution; even if that is so, it is certainly at the expense of co-operative principles, for the societies will never have a chance to learn by their faults and will never be capable of undertaking responsibility.

The Egyptian societies have been criticised for enjoining that loans must be for productive purposes. This restriction disables members from borrowing from their societies to meet necessary expenditure, it is argued, and in consequence they remain in the hands of the usurer, and their capacity to pay

their dues to their societies is seriously reduced. In a village where everybody is known to everybody else there is no danger, it is said, in the society supplying the members' needs for unproductive as well as productive purposes as long as the Committee watches that the object of each loan is really useful. On the other hand we are afraid that this generous policy might be abused, and a good deal of the societies' funds would be spent on purposes which would not help the borrower to pay back his debt, and what remains would not be sufficient for loans for productive purposes. Our experience tells us that although the societies' advances are generally spent for productive purposes, a certain amount (whether on account of laxity or impossibility of close supervision) is in fact spent in unproductive purposes. However, the pros and cons of the question are being reconsidered in the light of local experience, and whether the German policy will continue in Egypt or will give place to the Indian policy remains to be seen.

### *Supplies*

The supplies of co-operative societies are largely manures which account for about 50 per cent., then comes cotton seed for about 20 per cent., next different agricultural requirements 10 per cent., and lastly 20 per cent. household requirements, including the share of the few purely consumers' co-operative societies. Different agricultural requirements include coal and kerosene, oils, ropes, timber, sacks, and seeds of different kinds. The value of supplies distributed to members in 1932 was as follows :

	£E
Manures . . . . .	68,083
Cotton seed . . . . .	19,614
Other Agricultural Requirements. . . . .	16,015
Household Requirements . . . . .	23,025

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126,737

There is no wholesale society for the purchase of the agricultural supplies but the quality of manures and cotton seeds is insured by the law. As to price, this is practically fixed for manures, but there is a wide range as regards cotton seed. Co-operative societies were habitually buyers of manures from both the Royal Agricultural Society to which they pay an annual subscription, and the Ministry of Agriculture; the Ministry distributed selected cotton seed as well. Now, the new *Crédit Agricole d'Egypte* has taken over the trading business of the Ministry of Agriculture. When the societies need loans for the purchase of requirements, the *Crédit Agricole* gives those loans in kind whenever it deals in the requirements in question. The societies are thus precluded from choosing their supplies and forgo the benefits of wholesale business. It is true that on several supplies the bank grants a special 5 per cent. discount for co-operative societies but this is only a small part of the trade margin. Societies when dealing with the ordinary channels of trade, *e.g.* in cotton seed, often realise 20 per cent. on their dealings. Supplies of household requirements are dealt with elsewhere.

### *Sale of Produce*

Co-operative selling being one of the most difficult operations in co-operative business, it has been tried cautiously in this country. A society exclusively for the marketing of fruits, in Fayoum, one of our most important fruit-growing provinces, has just been founded. A few of our agricultural societies have tried the sale of their members' cotton and realised appreciably higher prices than those prevailing in their respective local markets; but it will be some time yet before this operation is properly organised on a large scale.

Attempts are being made now to prepare the way for the co-operative selling of onions and rice, two of our main crops.

This has been begun by supplying good seeds to the societies in the areas of these crops, followed by helping them to acquire modern machinery for the sorting and grading of onions and threshing of rice, operations which are necessary if the crops are to fetch better prices

In the field of marketing vegetables, we have a successful general-purposes society in Alexandria. It has a membership of 720, paid-up share capital £E1,716 and reserves of £E622. Its members are all vegetable growers in the outskirts of Alexandria. Their requirements (chiefly seeds, fertilisers and sulphur) sold in 1932 amounted to £E1,807, only 6 per cent. of which was on credit. Loans to members at 7 per cent. amounted to £200. A profit of £456 was made that year.

The Alexandria society succeeded in 1931 in founding a spacious auction market well equipped with offices and stores, which after many difficulties not only realised its object, to relieve its own members from the ill treatment of local middlemen, but obliged these to improve their methods of business with the growers generally. The market, towards the establishment of which the society advanced £1,000, is managed by a body of five member-growers who undertake all responsibility for management, loss and bad debts in return for 7 per cent. on the sales proceeds, for cost of administration, a further 1 per cent. going to the society. There are also exit dues paid at the market gate by purchasers. Although the method of sale is by auction in the market hall, sales are allowed on the road to merchants who require early delivery. Such sales are reported to the market and the commission of 8 per cent. must be paid thereon. Besides, there are sales made by direct private contract between the market managers and exporters. The market advances loans to members on account of vegetables sold in it. Another service which the society renders is the obtaining of special permits for its members for vegetable carts; such permits

were previously only given to local drivers, a source of trouble and annoyance to the farmers. In 1932, 5,000 growers were using the market, sales were £37,556, advances £12,000, exit dues £292, gross income £E3,297, managers' expenditure £E1,646.

### *Supply of Household Requirements*

About 10 per cent. of the agricultural general-purpose societies distribute household requirements to their members, especially molasses, sugar, soap, salt and extra provisions for the fasting month of Ramadan. During 1932 about 58 societies supplied to their members goods to the value of £E5,574

Five consumers' societies at the end of 1932 had 515 members, £E2,270 paid-up capital, reserves of £E489, and sales of £E17,452.

In July, 1932, the society laid down the rules for "deposit accounts". By the end of June, 1933, deposits from members and non-members amounted to £817. Interest paid to members is 4 per cent., to non-members  $3\frac{1}{2}$  per cent. A member is allowed credit up to 60 per cent. of the total value of his fully paid up shares to the end of the month only. Wages are paid in Egypt monthly.

When we fought and won in 1927 to make co-operative legislation general and not merely agricultural as it then was, it was feared that if the movement were put under the control of the Ministry of Agriculture, it would assume an exclusively rural character, as is largely the case. This led some to think of splitting up the movement into two camps, rural and urban, putting the former under the Ministry of Agriculture, the latter under that of Finance. Realising that the agricultural supporters of the movement were overwhelmingly stronger than the urban supporters, and rather than cause a split, we preferred to be attached to the Ministry of Agriculture. A split would certainly have weakened the movement as a whole,

especially at a time when the number of co-operative advisors and trained inspectors necessary to this new order was far from being sufficient. Moreover, that united front in which we co-operators so much believe, would have been broken, instead of rallying all co-operators under one banner, harmonising their interests, and working for the economic and social welfare of all. Now that the movement is extending far and wide and the need for it in all quarters is being felt, and above all that experience at home as well as abroad proves that if the movement does not develop freely in a congenial atmosphere, its activities tend to be unduly narrowed, this unnatural situation has to be reconsidered

### *Utilisation Services*

The use of modern agricultural machinery is still very limited, and it is not unusual that a progressive society which enters the field with high hopes, withdraws from it with dissatisfaction. The writing off of the value of machinery is often too heavy compared with the services rendered. There is often not enough work forthcoming for agricultural machinery, and it is difficult to find the proper mechanic. During the crisis, farmers went back to their usual old methods. So far, mechanical ploughing has been tried in a few societies with no great success. Attempts are being made to introduce machinery and implements for the processing of rice, onions, eggs, milk, honey, etc. Another allied branch is the fumigation of citrus trees. This is growing in importance with the development of orange groves. Fumigation is carried on by a few societies under the chemical control of the Ministry of Agriculture and with its help. They draw an appreciable benefit from this source. The following was the utilisation of societies' machinery in 1931. ploughing, £E370; fumigation, £E703; pump irrigation, £E129; miscellaneous, £E112; total, £E1,314.

*The Social Side of the Societies*

As co-operators, we believe that improving the economic condition of the people is only the first step towards attaining a better life. We have been trying to get into the minds of Egyptian co-operators, that unless their societies can claim for themselves, as agencies of social reconstruction, something more than adding to the material gains of the people, they are indeed of no real significance in the realisation of a better state. We found it difficult to get our societies to respond to this call in a few years. Materialism has become so deeply seated in the minds of the people, that it has become almost their only concern. That accounts for our success in the social field being rather meagre. By law, co-operative societies are obliged to allot a certain percentage of their net profits, generally 4 per cent, for social services in their districts, in 1931 amounting to £E850. This is spent in founding small rural schools, building fountains for cattle to drink from, digging village water pumps, repairing canal banks, helping in putting out fire, etc.

A few societies like that of Dershaba in Behera Province, go further and allot as much as 20 per cent. of their net profits to their social funds. The society mentioned interests itself in the improvement of the condition of life in the village generally, repairing roads, maintaining street lighting, planting trees for shelter, conducting a small trade school in which the children are taught weaving and rug-making, reforming education in the village as well as improving the sanitary conditions therein.

*Future of the Movement*

When the movement changed hands in 1923, from the people to the Government, as already explained in the historical part of this article, we hoped that the understanding arrived at between those calling for government interference and those for non-interference, would guarantee to reduce the evils of

bureaucracy to a minimum, that understanding would give both people and Government each a part to play in the movement, bearing in mind that the latter's part is only of a temporary nature until the movement could stand on its own feet. This spirit of true co-operation in its widest sense between Government and people was recognised in the new Co-operative Law itself.

Despite of all precautions taken, the movement suffers now from encroachment on its fundamental principles, and the share of liberty that was allotted to it at the time of the contract between Government and people, instead of increasing, is found to be decreasing. Another difficulty is the insufficiency of the field staff undertaking the co-operative education of the people and the supervision of societies. The business of these societies increased greatly and their numbers quadrupled since 1927, but the strength of the staff remained almost as it was. Last but not least, the absence of a central co-operative bank is a great drawback to the movement.

The co-operative movement in Egypt is certainly a living force in the country, however many its shortcomings are. All these can be remedied in time, so long as its principles are accepted by the people, its democratic methods found suitable to them, its varied services proved beneficial, and above all its ultimate results—the elevation of their social standard—firmly pursued.



# MEXICO

BY

## THE NATIONAL BANK OF AGRICULTURAL CREDIT

THE Mexican agricultural credit system for landowners and smallholders derives from the National Agricultural Credit Bank, the head office of which functions as general manager. This chief office has a local Agency, with jurisdiction in the Valley of Mexico and surrounding districts. It has also local Agencies in Chihuahua, in Camaron, Victoria, Aguascalientes, Guzman (Jalisco), Celaya, Toluca, Puebla, Cordoba, Cuernavaca and Oaxaca. The accounts in all these branches are consolidated in the general Balance Sheet of the National Agricultural Credit Bank, in which the deposits made by the regional banks appear in the Shares Account. The head office also supervises the organisation and the operations of the regional banks, which act as branches and are now operating in the states of Jalisco, Queretaro, Tamsulipas, Mexico, Puebla, Veracruz and Morelos, taking the place of Agencies as these are liquidated. The General Agricultural Credit Depositories also form part of the system ; their Head Office is under the supervision of the Central Agricultural Credit Bank, but they have 8 agencies of their own, with 35 cellar (wine) societies in the centres of production, and there is a prospect of 16 more being established in the near future.

Both the regional banks and the depositories submit their affairs to the Agricultural Credit Bank, forming thereby the units of a single system of operations. Therefore it is deemed

advisable that in this report we should deal not solely with the legal entity, *i.e.* the National Agricultural Credit Bank, but rather with the union of institutions which forms the actual agricultural credit system.

Each Agency or Regional Bank divides its territory into as many zones as are indicated in the general plan of operations, and with an organisation similar to that of the National Bank and its branches, has a personal director for all matters within its jurisdiction, with a district under his direct charge. Each zone is under the control of a district cashier, to whom the officials and accountants of the societies are directly responsible for operations of organisation, credit, debts recovery and assistance in various ways to the co-operative or local societies within the zone. Each society in its turn is under the administration of a Council and the vigilance of a Board, whose members give their services freely; but their activities are very closely supervised by the official personnel of the zone, a vigilance which must of necessity be very strict as long as the directors of the societies lack experience. As a rule, several years of practice are needed before they can assume autonomous control, and therefore supervision from headquarters is one of the indispensable factors for success.

The auditing services in all the units of the system have been carried on regularly, and at the present time there are very few societies whose accounts with their members are in the course of clearing up, and it is quite certain that by the end of 1933 those in arrears will have disappeared as they are working diligently towards this end.

Agricultural societies are of two classes. old "Locals", created under the Law of 1926, and the new Co-operatives, which are the product of the 1931 legislation. Their organisation and operations are identical, except in a few minor details; but the change of title and the necessity of adjusting them to

the more recent Act has required a transformation, liquidating the local societies and founding co-operatives in their stead. The opportunity is being taken to put into liquidation all the old societies whose legal and economic conditions make this desirable. The process has been slow, and attention is still divided between the two types of society, this situation is bound to last for some years to come.

At the close of the working year the number of societies under the agricultural credit system was 591, with a membership of 31,083. There are also 24 organised societies not in communication with the headquarters, either through lack of resources or because they were not in organised zones of operation. Of the societies receiving credit, 386 are farmers' organisations and 205 are formed by smallholders; 300 of these are "locals" and 291 are co-operatives. Of the locals, 105 are being operated by headquarters while in process of transformation; 39 are being granted loans, for the purpose of balancing their accounts. There are 113 locals in liquidation, new co-operatives having been formed in their localities.

As for the co-operatives, there are 133 newly formed in districts where there was no local; 118 co-operatives have been established upon the skeletons of the old locals, and, finally, 28 co-operatives have been founded where formerly there was a Land Co-operative, or co-operatives which did business with the Agricultural Land Banks.

It is satisfactory to note that what some years ago was considered a dangerous operation, *i.e.* a loan with no further guarantee than personal labour, is becoming more and more a normal credit transaction. There are, in fact, districts in which the recovery of loans is 100 per cent. on maturity of the bills. The proportion has steadily increased in recent years, so that the restoration of credit for the smallholder to normal conditions is only a question of time.

These results are not apparent in the general statistics of agriculture, although they may be found in auxiliary details, because in many cases the debtor has warehoused his crops in sufficient quantity to guarantee his liability, in the hope of a rise in prices, which are always low at harvest time. To assist the societies in these transactions and so safeguard the producer against the middleman, is the essential function of the Depositories. While the bank helps in financing the growth and the harvesting of the crops, the depositories, with this security, can extend the period of employment of capital, providing a new loan before the old crop is on the market.

. This explains why, in spite of the financial conditions, the societies' credit operations have developed to a much greater extent than during the foregoing year. Actually, the loans of the credit units to the societies amounted to \$1,625,460, as compared with the preceding year, of \$603,000.

## COLOMBIA

BY

DR. MIGUEL VELANDIA, *Superintendent of Co-operative Societies*

THE promotion, organisation and regulation of co-operative societies in Colombia was initiated in 1931, under Law No. 134 of that year. The law recognises as co-operative societies, permanent associations of unlimited membership and variable capital, whose purpose is the economic and social progress of their members, conducted on the basis of the distribution of profits in proportion with the business of each member with the society. Under the special powers assigned to him under this law, President Herrera subsequently issued four important Decrees to give practical effect to a measure which had been received with enthusiasm throughout the Republic as promising the solution of many of the problems confronting the national economy; they deal with various means of satisfying the needs of different sections of the community as contributors to the public wealth and general welfare, particularly the provision of industrial and agricultural credit, which is to be decentralised and made available to the small producers in all social classes.

A Department for the Supervision of Co-operatives has been established under the Ministry of Industry, and the first Superintendent, Dr. J. M. Agudelo, pushed forward at once, with all the faith and will of which he was capable, toward the organisation of this new and hitherto untried national economic system. The task is a complex and difficult one, owing to the fact that co-operation has yet to be made known here, that the moral elements

of co-operation are not indigenous in the customs or mentality of the people, and that the capitalist standard has been the only criterion for the distribution of the results of the common labour. In spite of these inherent difficulties, guided by the faith that Co-operation can be made a reality in Colombia, and stimulated by the support which has been given to the movement by distinguished citizens, private institutions and public officials, the Minister of Industry, Dr. F. J. Chaux, and the former Superintendent, dedicated their energies to the foundation and development of a co-operative system

There are at present in active existence the following legally established societies

- 1 The Magdalena Banana Co-operative, Ltd., with headquarters at Santa Marta, Department of Magdalena, is organised in five sections: banana growers' credit, workers' and employees' credit, consumers' requirements, marketing; special services. A nominal (minimum) capital for each section is provided for in the constitution. growers' credit, \$100,000; other credit, \$5,000; consumers' section, \$10,000; marketing \$100,000
- 2 The Agricultural and Livestock Co-operative of Sogamoso, Ltd, divides its functions into five sections, including Special Services, the four others having nominal capital as follows. Section of Credit for Graziers, \$50,000, Section of Credit for Cultivators, \$30,000; Section of Consumers' Requirements, \$10,000, Marketing, \$50,000.
- 3 The Workers' Co-operative of Bogotá, Ltd., in the Department of Cundinamarca, with two sections, the principal one for consumers and the subordinate one for credit, has a nominal capital of \$3,000.
- 4 The Buses Co-operative of Santa Fé, Ltd, also in Bogotá, is of a co-operative character and has a nominal capital of \$4,000
- 5 "La Antioqueña" Consumers' Co-operative, Ltd., with headquarters in Medellín, Department of Antioquia, has a nominal capital of \$5,000.

A considerable number of co-operative societies are in process

of formation. The following are having the immediate attention of the superintendency :

Department of Antioquia · Colombian Consumers' Co-operative ; Coffee Marketing and Credit Society

Department of the Atlantic · Consumers' Co-operative and a Mutual Savings Society in Barranquilla.

Department of Bolivar · Production and Credit Societies in the different municipalities ; a Workers' Co-operative , an Agricultural and Livestock Society , Society of growers of sugar cane

Department of Bozaca . Agricultural Societies for credit and marketing, mutual aid, and Raiffeisen Societies

Department of Caldas · Local Co-operatives for Credit, Transport and Marketing of Coffee and Livestock. This departmental project is of special importance, being a plan drawn up jointly by the Co-operative Committee and the Government of the Department. It calls for the establishment of local coffee co-operatives in the 42 municipalities of the Department, with the collaboration of the Departments, the municipalities, the National Federation of Coffee Growers, the Bank of Agricultural and Industrial Credit, and the growers of the different localities, in such a manner as may facilitate the consolidation and utilisation of whatever credit resources these different agencies are willing to contribute to the development of the co-operatives

Department of Cundinamarca ; Society for producers of sugar cane, honey and derivatives , wheat-growers' marketing and credit society , Bogota industrial workers' co-operative , milk and milk dairy produce society , co-operative building society , government employees' co-operative society.

Department of Huila . Agricultural and Live Stock Society.

Department of Magdalena : Valledupar Live Stock Society

Department of Nariño : Coffee Growers' Co-operative.

Department of Santander . Consumers' and Producers' Credit Society

Department of N. Santander · Durama Agricultural Credit Society, "Pecus Coffea."

Department of Tolima . Libano Wheatgrowers' Credit and Marketing Co-operative , Tolima Livestock Society , Papas Credit and Marketing Society.

Department of Valle : Coffee Co-operative and Call Workers' Society.

Department of Meta . Villavicencio Livestock Society.

Department of Chocó . Quibdo Consumers' Society.

As may be seen from the above, the superintendency of co-operative societies has already been called upon to undertake an extensive and complicated task in connection with the organisation and supervision of the above-named societies. The invariable policy of the department is not to intervene in any formal manner which might discourage the initiative of societies, but to bring to their organisation practical assistance and advice, the inspiration of co-operative ideals and the sound application of co-operative economic principles, thus promoting a movement united in purpose and with aspirations in accordance with its positive opportunities.



## KOREA

BY

T. MUTAGUCHI, *Secretary of the Central Union of Credit Societies*

Co-OPERATIVE credit societies in Korea arose chiefly through governmental initiative, as in many countries in Asia. As the result of the undeveloped condition of her economic activities, together with long years of misgovernment under the old regime, almost the whole agricultural population suffered from inadequate banking facilities as well as from the grip of avaricious usurers. So the first task of the new Government after the amalgamation of Korea with Japan, was to develop an adequate rural credit policy. Thus, early in 1904 there was issued a Law concerning local credit societies through the initiative of the late Baron Megata, who was then the financial adviser of the Korean Government just before the Japanese-Korean Amalgamation took place. The movement developed by leaps and bounds under the parental patronage of the Government, though this system is in a way far from a genuine co-operative movement; concessions with regard to the establishment of a society, the appointment of managing directors, the advance of necessary capital, etc., are only obtained through the Governor-General of Chosen and a semi-governmental bank.

The law of 1904 was amended in 1914, 1918, 1928 and 1932, to provide precise definition regarding objects of co-operative credit societies and prescribe strict supervision as well as administration by the Government. According to this law, a co-operative credit society is a corporate juridical body established with the

following objects for the promotion of the economic development of its members :

1. To lend money to its members for the promotion of their economic activities.
- 2 To receive savings from members and non-members, but in the latter case there is a certain restriction regarding the kinds of deposits.
- 3 To store goods produced by its members in its own warehouse and to issue warehouse certificates for them on authorisation of the Governor-General.
4. To do business for any other co-operative credit society and bank, or to do agent business for any other bank on authorisation of the Governor-General.
- \* 5 To do trust business or adjust the local monetary circulation by order of the Governor-General.

The essential points concerning the management and administration of a co-operative credit society are as follows :

1. Members of a co-operative credit society are restricted to those who reside within the area in which a co-operative society carries on its work , they are chiefly recruited from the agricultural population of lower economic strata.
- 2 Every member must have at least one share and not more than 100 The value of one share ranges from 10 yen to 50 yen Dividends on share capital may be paid at 7 per cent or less Liability of a member is limited.
3. Every society has one director, one managing director, two or more auditors and a committee of more than five members, all elected from among its members except the managing director, who is appointed and removable by the Governor-General. The director and managing director act jointly, though for ordinary business the managing director represents a society independently
4. Capital of a society is made up of share capital, deposits, reserve funds, loan capital and governmental grant
- 5 General meeting of members or meeting of representatives of a co-operative credit society is held annually And besides this ordinary meeting, a special meeting may be given as occasion demands

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The development of the system has been as follows :—

Year.	Number of Societies	Number of Members.	Capital Paid Up.	Reserve Funds	Deposits.	Loans.
			yen *	yen	yen.	yen.
1907	10	5,613	—	—	—	16,267
1911	153	51,762	—	158,763	—	1,182,696
1915	240	65,386	177,689	529,959	197,990	2,127,696
1919	393	218,607	1,750,277	895,814	6,595,907	23,007,605
1923	461	331,765	4,303,117	2,190,490	22,665,382	51,345,511
1927	547	449,576	6,510,278	8,144,017	54,505,478	76,082,639
1931	663	729,321	9,278,270	13,556,346	88,775,813	123,842,819

In the early days of the movement, societies did their best not only to lend members necessary capital for carrying on their occupations, but also undertook collective buying of agricultural materials and sale of their farm products, the circulation of newly minted coins, amelioration of land and farming process, etc. In this way, credit societies contributed considerably to the healthy development of industry as well as agriculture in Korea.

The next step was, as in other countries, towards the federation of unit co-operatives. This took place in 1918, at the same time as revision of the co-operative law, and there came into existence 13 federations of credit societies in their respective administrative districts. The district federation may admit as members, besides the societies, any other legal industrial body approved by the Governor-General. Every member must have at least one share; nominal value of a share is 500 yen (about £50 at par). Dividends may be paid on shares at 7 per cent.; liability of members is limited. The federation director-general and assistant directors are appointed and removable by the Governor-General, auditors are elected among the officials

\* 17 yen = £1 (November, 1933).

of the member societies. All co-operative credit societies are thus members of one or other federation. In this way the development of the system has been considerably accelerated through effective administrative control, though in a degree we must admit its bureaucratic trait. The development of the federations is as follows :

Year	Federations	Members (Co-op)	Capital Paid Up	Reserve Funds	Loan Capital	Deposits.	Amount Lent Out	Saving Deposits
			yen	yen	yen	yen	yen	yen.
1918	13	279	28,000	—	597,075	414,629	1,519,331	156,424
1922	13	462	203,056	149,816	21,543,246	6,382,851	28,542,64	2,246,665
1927	13	608	324,056	1,101,842	16,931,807	28,257,812	38,941,647	9,488,379
1931	13	717	429,979	2,132,679	24,815,021	42,611,301	61,045,055	10,852,924

The final step towards a federation of federations was completed in 1928. This central union, Chosen Kinyukumiai Kyokai (Union of Co-operative Credit Societies in Korea) is a legally constituted body under Common Law; its chief business is propaganda and co-operative education, investigation and publication, wholesale business, holding of a triennial congress of co-operative societies, etc. It has a board of directors; a board of councillors; and auditors; three directors and about half the councillors are government officials.

In spite of this steady development of the co-operative credit movement, the societies have not yet their own central co-operative bank, department was established in the Industrial Bank, a semi-governmental financial organ, in 1929, which takes the chief charge of co-operative credit business and thus through this department all kinds of loans for federations are now financed. In this way the co-operative credit system in Korea is somewhat akin to the French system in respect of strong collaboration between the Government and people, and although it has few features of a genuine co-operative movement, yet has achieved a great contribution to rural improvement and the hope of becoming a self-controlled popular movement.

# THE CO-OPERATIVE MARKETING OF FRUIT AND VEGETABLES

*(Report prepared by the Horace Plunkett Foundation for the Berlin Conference of the International Commission of Agriculture, 1933.)*

## INTRODUCTION

FRUIT and vegetables are cultivated almost throughout the world on agricultural holdings of every size and type. Their importance to the agriculturist is growing through increased transport facilities, in response to important dietetic tendencies, and, temporarily at least, as a relief from excessive production on other lines. They are, therefore, of increasing interest to those concerned with the co-operative reorganisation of agriculture. Economically speaking, they are far from forming a uniform category, and their marketing is not only divided among a large number of different organisations, but calls for considerable variety of method. Perhaps the principal divergence in marketing is connected with the keeping qualities of the product. This is partly a matter of natural character, partly of treatment, and treatment itself is affected by considerations principally of space and time, but also of taste. Other divergences of co-operative method may be traced to local conditions of production, scale, degree of specialisation, and seasonal character of the product. The marketing of fruit and vegetables may be broadly divided into sales of fresh produce to markets close at hand and sales at a distance

## SALES TO NEAR MARKETS

In Europe, sales of the first type predominate, since producing districts here lie close to some of the largest industrial and consuming areas of the world. Horticultural produce passes from one country to another in Europe, but with the exception of wine, and possibly still some dried fruits, there is practically no export from Europe to other continents. The nearness of European markets and the fact that fresh vegetables and fruit can pass to the ultimate consumer without any processing requiring capital equipment has probably more than anything else retarded the growth of strong co-operative marketing organisations in most European countries. Another and equally important reason has been that the production of fruit especially and to some extent also of vegetables, is an unspecialised industry. It is and still more it has been a somewhat neglected auxiliary to other branches of agriculture, and too little attention has been paid to its gains and losses for the necessity of improved business methods to become apparent. A secondary obstacle to organisation has been that even where horticulture is the main business of the cultivator, the number of varieties grown renders unusually complex the problems of a marketing organisation.

Wherever specialisation has taken place on a considerable scale, among the market gardeners of Holland, the chicory producers of Belgium, the fruit growers of the West of England or the wine growers of France, co-operative organisation has been speedily and successfully introduced. It follows two principal methods—sales by auction and sales on commission.

*Sales by auction* have been brought in Holland to a higher pitch of efficiency and have attracted a larger proportion of the crop than any system in any other country. There has undoubtedly been the most striking test of practical success. Auctions, sometimes on slightly different lines, exist likewise in

Belgium, Germany and England. In Holland they handle largely produce for export; in the other countries they are frequented only by the buyers for the home market. In all cases, growers are responsible for their own grading and packing, although an authorised uniform pack may be adopted. No pooling takes place, and produce retains its identity until the sale is completed.

*Sales on Commission* are also carried on in all these countries (with the exception, apparently, of Holland), sometimes by the same but more frequently by different co-operative organisations. In some cases produce is precisely similar to that sold through the auctions, and is purchased by the same class of dealers or retailers. There is, however, a tendency to develop sales on commission for two special purposes, (a) export and (b) sales of large quantities of uniform produce for some industrial purpose, such as jam-making. This method is also employed in a number of other countries, such as Germany, Austria, France and Italy.

*Sales at a fixed price* by the member to his society are not unknown but are rare owing to the risk incurred by the society in dealing with perishable produce. In a certain number of countries, as, for example, Austria, Czechoslovakia, Spain, South Russia, etc., there are a limited number of *co-operative factories* producing fruit wines and similar products, for which fruit is purchased at fixed prices from members. Co-operative fruit marketing in Holland and Czechoslovakia have already been described at length in the *Year Books* of 1930 and 1931, but developments in other countries are less well known. In Belgium local societies for the export of chicory ("witloof") date from 1900, and in the same year the Horticultural, Vitacultural and Market Gardening Co-operative was formed in Brussels for the sale of hot-house grapes. Producers of chicory and other vegetables in other parts of Belgium formed co-operative societies

during 1906 and 1907, the last to be formed constituting a department of the Boerenbond Belge. All these survived the war period. In 1922 an existing society, "Horticultural Markets" of Antwerp, sought affiliation with the Boerenbond, established a further vegetable auction at Hasselt to supply the new industrial district in Limbourg, and thereby practically created a new market-gardening industry in the province. Finally, the Boerenbond established a series of depots to assist marketing in districts with an increasing output of specialised crops. These include early pears and other fruit near Ghent (1922), potatoes, cauliflowers, tomatoes and other vegetables at Malines (1926) and fruit in Limbourg (1926). The turnover of all these organisations steadily increased up to 1931.

Three methods are employed. At Antwerp, Hasselt and Brussels, produce is sold by *auction*. No pooling takes place, prices are not fixed in advance, and members receive the price obtained minus a deduction for transport and general expenses, produce comes from local growers and buyers are usually retailers from the town, there are no sales for purposes of export, as in Holland. For export, the method of *collective sale* is adopted and is peculiar to districts where there is a surplus—usually growing—to local requirements. The products so handled are mainly new potatoes, chicory, cauliflowers and orchard fruit. These societies have been severely affected by the tariffs recently imposed in importing countries. They have done much towards the standardisation of produce, and frequently also towards collective grading and packing. This has been facilitated by the usual practice of pooling. Produce may be sold on commission by the society, which undertakes pooling, grading, etc., and returns to the member his proportion of the total receipts less expenses. This is the usual method with highly perishable produce such as soft fruits, and also for early potatoes and other vegetables at the depots of the Boerenbond and at Louvain and



among the chicory societies. Alternately, the society may purchase from members at a fixed price for each grade of the product and thereafter sell at its own risk. This method is employed at some of the Boerenbond depots for less perishable produce, such as maincrop potatoes and late fruits.

In 1931-32 the sales of chicory totalled 4,500 tons, or 13 per cent. of the total output and ten per cent. of the total production. This represents a decline, due to tariffs, on the figure for 1929. A similar decline is visible in the sales of all societies concerned with export. At Louvain the sales of vegetables have fallen from five million francs to 3.5 million. Sales of vegetables, mainly chicory, of the Boerenbond, have fallen from 7 to 3.5 million francs; sales of potatoes from 32 million to 12 million francs, although the Maline depot alone still controls 12 per cent. of the total export. Fruit, on the other hand, has risen from three million to 7.7 million francs, and the Limbourg depot controls 17 per cent. of the total export of apples. The Auctions, on the other hand, cater for the home trade, and have suffered little except for the general fall in prices. Their turnover in 1932 was 78 million francs, but a portion of this represented eggs, poultry and butter.

Co-operative marketing has done much to improve standardisation, grading and packing, for which no legal provisions exist, especially of potatoes, chicory, fruit, cauliflowers and salsify. It has also done much to stabilise prices on the one hand by organising the regular supply of large cities, and on the other by dealing, through export, with the surplus to home requirements, a surplus which has been calculated at 70 per cent. in the case of chicory and is also considerable in the case of hot-house grapes, apples, pears, cherries, plums, cauliflowers and new potatoes. The Boerenbond Belge has been especially active in the study of foreign markets by personal visits, establishment of relations with buyers and participation in exhibitions. It has

unfortunately not proved possible to establish direct relations with consumers' co-operative societies.

Luxembourg is an importer of vegetables, and no vegetable marketing organisation exists. There are, however, seven fruit marketing societies, which are largely concerned with technical improvement, and which also hold an annual one or two-day sale, by samples, at the headquarters of the Agricultural Union. They appear to be concerned mainly with apples.

Fruit growing in England is mainly confined to the South and Midlands. It is little practised in Wales; in Scotland it is confined to a large area of raspberry cultivation in Perthshire, and a glasshouse industry in Clydesdale (both in Central Scotland). It is the principal industry of the Channel Islands. The principal wholesale markets are in London, and the industrial areas of the North, Midlands and South Wales. Glasgow is also a large consuming area. There is a considerable jam-making industry and a growing canning industry. Growers sometimes themselves send up produce to commission agents at Covent Garden (London) and other large markets, or local agents buy direct from growers, afterwards forwarding goods either to wholesale markets or to jam or canning factories, by whom they are employed. There is no export of fruit or vegetables, but large imports.

There are in England 21 co-operative societies handling fruit and vegetables only, and a few more which deal in these as well as in other commodities. The total sales in 1929 were £322,350. Societies are of various types. The most important are Auction Marts in the West of England, which are on a fairly large scale (the annual turnover of the largest society reaches £87,000), and bear some resemblance to "Veiling" but are conducted on the English, not the Dutch, method of sale.

The next group hold no auctions, but pack, grade and arrange bulk sales to commission agents and others. One of the largest of these societies has established permanent relations with a

group of large consumers' co-operative societies, which purchase their daily requirements by telephone from the growers' society; no bargaining takes place, but at the end of the week the growers' society receives the retail price of all consignments, less a fixed commission, which is retained by the consumers' society. This arrangement has worked well.

A third group of societies deals with one crop only, generally soft fruits destined for the jam factories, and operates only for a few weeks in the season, when the society negotiates contracts with the factories and undertakes the shipping of the crop.

Potatoes are sold by several societies dealing in agricultural requirements, the turnover being about £40,000 in 1929.

The marketing of *Hops* has a remarkable history. The sale of hops was controlled by Government from 1917-24. In 1925 a co-operative society was formed to organise the sale of all home-grown hops through a single agency. The society included 93 per cent of the growers of hops, which are limited to the two districts of Kent and bordering areas, and Hertford-Worcester. Growers signed a five-year delivery contract. The society did not handle or store hops, but it undertook to grade and value and to pool prices, paying an advance soon after sale and the balance after the crop had been wholly disposed of. The society was well run, but the period was one of falling world prices and an excess of supply over demand. Members were requested to reduce the acreage planted and very generally complied. However, the stability of prices attracted other farmers into the industry, who were able to reap all the benefits of co-operation without undertaking the responsibilities. Members of the society became discontented, and in 1929 it was wound up. It has been said that "the history of the society is a monument of the power of a minority to break any effort on the part of the majority to make an efficient selling organisation". In 1931 the Agricultural Marketing Act was passed, which gives power to a farmers'

marketing organisation having the approval of Parliament, to compel all the producers of a given commodity to sell through it. Towards the end of 1932 a new Hop Growers' organisation was formed under the Act, and is at present operating satisfactorily. Details, however, are not yet available.

The important *raspberry* industry of Scotland has not hitherto been organised on co-operative lines. It was proposed to set up a Raspberry Marketing Board under the Act, but the necessary majority on a poll was not obtained.

The sale of fruit and vegetables in Germany is confined to the home market, where it is subject to strong competition from imported supplies, especially from Holland and Italy. It is calculated that, of all the produce coming on the German market, about a quarter of the vegetables and one third of the fruit, of types which can be grown in Germany, is imported.

The present methods of marketing German fruit are very diverse and confused, and the existing facilities unrelated to one another. Co-operative marketing societies are making it their first business to bring about unification and utilisation of all existing facilities. In the second place, they are attempting to influence production and preparation for sale, in accordance with the requirements of the market. In this connection it may be noted that glass-house and early vegetable growing are insufficiently developed in Germany, as are facilities for storing at regulated temperatures. Further, exporting countries send only first-grade produce, whereas all grades of home production have to be dealt with by the German market.

The Fruit and Vegetables Marketing Societies consequently labour under considerable difficulties. They number, however, 323, of which 142 are engaged in marketing and showed a total turnover of 30,637,936 RM. in 1931. Some of the larger individual societies showed a turnover of 1-2 million R.M., but eggs are sometimes included. There are, in addition, some 380

local winegrowers' societies, with 6 central organisations and a total production in 1931 of 227,407 hectolitres.

Fruit and vegetable production in Austria offers considerable possibilities of extension if the home market is to be supplied and the soil is to reach its fullest productivity. The attention of the agriculturist has already been called to this matter by the Chambers of Agriculture, the horticultural societies and the co-operative organisations, all of which have urged, by means of courses, demonstrations, etc., the desirability of establishing fruit and vegetable cultivation as a branch of agriculture.

Austria includes very diverse conditions of soil, elevation and climate. Fruit growing is common throughout the country, but vegetable growing is confined to the Provinces of Upper and Lower Austria and Burgenland, where conditions are suitable and the proximity of Vienna provides a good market. The quality is usually good, although on peasant farms insufficient attention is paid to the selection of types and to packing and preparation for the market.

There is little specialised or intensive production owing to lack of business training and knowledge of markets. Cherries, plums, apples and pears grow everywhere, and the special fruit districts of Styria, Lower Austria, Burgenland and part of Upper Austria also produce peaches, apricots, greengages, gooseberries, quinces, walnuts, almonds, strawberries and sweet chestnuts. About 90 per cent of the output is that of small farms; it is principally destined for processing, and only about one-third is genuine dessert fruit. Import of fruit has declined by about half since 1929. There is a small export, fluctuating with the seasons.

Co-operative organisation of *fruit* marketing is very limited. There are at present five societies in Lower Austria, and one each in Burgenland, Styria and Tyrol. All these began their activities in 1931 or 1932, and no figures are yet available regarding sales.

A number of federated horticultural associations exist, but these are cultural in scope and do not trade. Some of the general co-operative marketing and supply societies of Upper and Lower Austria and Styria also handle small quantities of fruit (1,000 to 2,000 tons), principally for manufacture into fruit wines. Two central organisations, the Raiffeisen Union of Styria and the West Styrian Agricultural Producers' Union have been especially active in this direction, the latter undertaking processing and the storing of fruit wines and also carrying on its own nursery. Industrial and eating apples to a total of 5,000 truckloads were exported from Styria to Germany in 1932. The Chamber of Agriculture of Upper Austria in the same year dealt with the fruit harvest by setting up a fruit juice plant which turned out 5,000 hectolitres of the highest quality during the first year. In Carinthia, practically the whole fruit crop of 1932 was handled through, and in most cases actually sold by, the Chamber of Agriculture and the Provincial Agricultural Union, acting through the co-operative societies. Germany alone received 245 truckloads, of which 31 were intended for industrial purposes, 26 for the table, and 188 for fruit wines.

Another branch of co-operative fruit marketing is formed by the wine-growers' societies, of which there are sixteen. Of these, twelve are in Lower Austria and have for the most part been active for many years. The societies are principally concerned with marketing and the stabilisation of prices. They work for the improved handling of wine for the market and have recently introduced the sale of wine in bottles. Many more co-operative fruit handling societies are needed.

Certain difficulties—variety of types, seasonal character of sales, attitude of the growers—has retarded co-operative development of *Vegetable* marketing. A few organisations, however, exist, of which one of the most noteworthy is the Cucumber Growers Union of Retz, founded in 1926, which has worked well.

An asparagus growing and processing society was formed in Lower Austria in 1932, in collaboration with the Chamber of Agriculture. The Agricultural Warehouse Society of Lower Austria had already engaged in the handling of cabbages and onions, 21 tons of the former and 16 tons of the latter having been marketed in 1931. In order to become independent of imported potatoes, especially seed potatoes, a potato growing society was established in Lower Austria. In 1931 the scope of the society was widened to include marketing. The turnover in 1932 amounted to 600 truckloads of eating and seed potatoes. The Union of Agricultural Co-operative Societies in Lower Austria in 1931 had a total sale of 12,840 tons of eating potatoes. The agricultural distilleries, of which there are 40 in Austria, also play an important part in the marketing of potatoes. In 1930, a vegetable handling society was formed in Burgenland to deal with the steadily declining market, and especially to improve the outlets for marjoram, of which a large quantity of high quality is produced, but for which the market had practically been lost. Lettuces, tomatoes, cucumbers and onions are also handled. The Chamber of Agriculture in Burgenland has also assisted the cultivation of beans by the provision of uniform seed, the sale of the crop being assured by cultivation contracts. New cultures have been introduced in Burgenland and seed distributed free by the Chamber of Agriculture. One of the recently introduced plants is the early pea, and a co-operative marketing society is about to be established to undertake sales. The other provinces are not more than self-supporting in vegetable production. It is worth noting that there has been a considerable decline in imports in the last few years, and the prospects of increased prosperity in the market gardening industry through co-operative sale organisation are encouraging.

Specialised marketing societies are recommended, but fruit and vegetables may well be handled by the same organisation.

An adequate area must be covered, not only marketing, but production and preparation for market must receive attention. The provision of pure seed of selected types and of other horticultural requirements are part of a society's work. Sales on commission are insisted upon, purchase and resale at the society's own risk being held to be too dangerous.

A good deal of direct trade between producers and consumers has always taken place on the internal Italian market. It has, however, until recently been individual and unorganised. Increasing complexity and at the same time increasing regulation of markets has led to the formation, with the assistance of agricultural syndicates and similar bodies, of co-operative organisations to supply most of the large consuming centres.

These organisations have offered the following services to their members, (1) the sale of fruit and vegetables; (2) the collection and transport of produce to market; (3) storage and preservation, and (4) collective purchase of horticultural requirements, fertilisers, seeds, machinery, etc.

An important organisation of this type exists in Rome (Consorzio orto-frutticolo agrumario "Roma"), formed by the amalgamation of two earlier societies. It has acquired a room in the general market as well as retail stalls in several of the local markets of the capital. It has established a service for the supply of manure, for the use of water supply for irrigation and power, for the supply of selected seeds and spraying materials, and for the transport and preparation of produce for market.

A society on the same lines exists in Milan, and others, such as the Federation of Agricultural Co-operative Societies of Albenga, which arranges a special railway service, a society for the sale of early vegetables, such as asparagus, artichokes, etc., also sell on the Milan market.

An interesting enterprise on slightly different lines is that established by the Municipality of Turin for the communal



supply of fruit and vegetables, which has been entrusted to a group of producers organised co-operatively. This has resulted in a reduction of from 25 per cent. to 30 per cent. in the consumers' price. The producer is paid on the day after the sale, the price being a pooled price calculated on the daily average. In addition, he receives a monthly bonus from the surplus after deduction of expenses.

All these organisations are restricted to the handling of members' produce only.

Co-operative organisation of sales on the important consumers' markets is at present in an experimental stage, but it will undoubtedly increase. A number of new societies were formed during the past year, and depots have been opened on wholesale and retail markets. Production is on the increase, and the fall in purchasing power in industrial countries, and the instability of foreign markets, make the systematic exploitation of the home market increasingly necessary. The Italian Federation of Agricultural Consortia is already engaged in the export of fruit and vegetables on a large scale, through its special co-operative marketing department, the Fedexport, which has been especially valuable to the small society with a purely seasonal activity, but it is now devoting even more attention to the problems of internal marketing. An increase in the home consumption of fruit and vegetables is already apparent, and is attributed to co-operative action.

In 1930 there were 150 fruit and vegetable marketing societies with a turnover of about 24 million lire. There are 96 wine-making societies.

The annual production of *fruit* in Switzerland amounts to about 5.8 million q, of which 60 per cent. represents apples, and 31 per cent. pears. Cherries, plums, walnuts and other varieties are also grown. The total value is estimated at about 100 million francs, or 7 per cent. of the total agricultural output.

Of this, fruit to the value of some 70 million francs is sold on the market. The greater part is purchased by private buyers either for home or export markets, the latter usually in Germany.

In a number of districts, however, horticultural societies, agricultural co-operatives or their Federations, have undertaken the handling of fruit, either by manufacture into cider or jam or by collective sale, either for dessert purposes or to cider manufacturers. Attempts are also being made to improve production and the quality of fruit offered for sale, especially by means of grading. The form of co-operative organisation and the functions assumed vary considerably. The main object of all is an increased return to the grower.

Horticultural societies date from the eighties, but were for long purely advisory and technical in scope. At present there are 117 local societies, with 11,704 members, and 16 societies of larger scope with 6,066 members. The manufacture of cider is an important co-operative undertaking, for which numerous societies exist. The manufacture of non-alcoholic cider has increased in importance recently. Many agricultural co-operative societies, including the federations of Eastern, North-Western and Central Switzerland and St. Gall, as well as the Bernese Co-operative Society for the sale of Fruit have interested themselves in fruit marketing.

In 1911 the Swiss Union for the Marketing of Fruit was formed by the business houses in the fruit trade for the purpose of increasing the market for Swiss fruit. It has established control of shipments in order to ensure the maintenance of quality standards. This activity was at first mainly directed to the exported product. More recently, attention has been turned to the home market, and in 1930 the Central Office for Propaganda in favour of the Produce of Swiss Horticulture and Viticulture was formed jointly by the horticultural associations and the co-operative federations. This propaganda, together with an

improvement in production, delivery and presentation, has noticeably improved the sale of Swiss fruit.

The annual output of *vegetables* has been estimated at 2.2 million q., at a value of about 65 million francs ; of this, however, only about 36 per cent. is sold on the market. Fresh vegetables are usually produced by market gardeners and others with more or less specialised undertakings. Vegetables of greater keeping qualities and those destined for manufacture are the produce of general farms. Vegetables, especially those from small market gardens, are still mainly sold at weekly markets. It is estimated that 60 per cent. passes in this way direct from the producer to the consumer or to the jam factory, while the remainder passes through the hands of wholesalers and retailers.

Co-operative marketing has at present attained a somewhat limited development, marketing customs, inadequate grading and preparation, and the outlook of the growers themselves all constituting obstacles. A special local organisation for the sale of asparagus has existed at Martigny since 1899. A society which undertakes cultivation on its own land as well as marketing, was founded at Chietres in 1920. A custom has grown up in several districts by which peasants' associations arrange for the collective sale of their members' produce at weekly retail markets. This system has worked well in the smaller towns, where there is a considerable consuming population. The Federation of Agricultural Co-operatives in Eastern Switzerland makes contracts for the cultivation of beans for drying, which are afterwards sold through its affiliated societies, and the society at Chietres, mentioned above, does the same on behalf of the Swiss Union of Consumers' Societies. Perhaps the most important existing society is that formed three years ago at Geneva for the marketing, either direct or through trade channels, of its members' produce. It also carries on propaganda for the increase consumption of vegetables. In 1932 the Union of Swiss Vegetable

Growers was formed to safeguard the interests of the industry, study markets and prices, improve production and act as a link between existing organisations. It does not trade. The formation of a Central Office for Swiss Market Gardens has been proposed, but at present propaganda in favour of the use of Swiss vegetables is in the hands of the Central Office for Horticulture and Viticulture.

Wine-growing societies in *France* are numerous and well organised in most wine districts, especially in the Rhone Valley, Bordeaux having been the last to organise. Some societies are engaged in wine making, others only in its sale. They number 826 and have a total capacity of 6 million hectolitres, or about 10 per cent of the output of France. They are organised in federations and unions.

A certain number of societies also exist for the sale of fruit and vegetables, notably the organisation of market gardeners near Paris, and those in Brittany, which handle potatoes, cauliflowers, onions, artichokes, strawberries, etc. There are a limited number of cider making societies.

A few societies in the South are engaged in the manufacture of olive oil.

Attempts to sell fruit and vegetables co-operatively in *Algeria* have not been numerous or very successful, except in the case of early grapes, for the sale of which an organisation exists. Certain selling organisations exist for other products, which have borrowed co-operative forms without being truly co-operative.

*Spain* is a large producer and exporter of fruit, especially citrus fruit, but little co-operative organisation has been attempted. What exists is limited to some local societies for fruit and vegetable canning and olive-pressing. There is, however, considerable co-operative wine production.

A federation of potato growers organisations was formed in U.S.S.R. in 1921 and consisted in 1928 of 15 unions, 101 primary

societies and 38,000 individual members. Several of the local societies specialised in the manufacture of starch, dextrin, etc., and carried on about half the starch trade of Russia. A similar federation of societies engaged in the marketing of fruit, vegetables and wine was formed in 1924. Most of the societies are in the Crimea and North Caucasus. The drying and processing of fruit is carried on in 43 factories.

In *Norway* the marketing of whortleberries is carried on through a national organisation with local branches. A few market gardeners societies exist in *Sweden* and *Poland*. Similar organisation is projected in *Ireland* but no societies actually exist. The making of wine and olive oil is carried on by a few local societies in *Greece*. Wine growers' societies are fairly numerous in *Bulgaria* and also in *Cyprus*, where there is some co-operative fruit preserving.

Nearly all European fruit and vegetable marketing societies, whatever their method of sale, handle a large variety of produce, a practice made necessary by the methods of production of their members and convenient by the seasonal character of most horticultural produce and the possibility of retaining the interest of buyers and keeping staff and premises occupied with a succession of crops.

The fall in prices which has taken place in most of the major products of European farming, especially in grain, is leading to a greater concentration on what have hitherto been sidelines, including horticultural produce. As has been shown, this has resulted in the formation of co-operative marketing societies either independently or more frequently through them in an attempt to influence production and preparation for the market, especially by means of accurate grading and suitable and attractive packing. In spite of proximity to markets, it is in some cases being found desirable to construct cool storage in order to prolong the selling season and equalise the daily quantities

offered to the market. In some cases extensive advertising has been added to the functions of the co-operative organisation. It is also sought to improve production as well as to secure efficient and disinterested service for the grower by supplying him with the requirements of production, in the shape of seeds, fertilisers, sprays, packs, etc. These are usually but not invariably supplied by the marketing society, but occasionally another co-operative is formed for the purpose. In Holland a horticulturists (Raiffeisen) credit society usually exists side by side with the marketing society.

It would be fair to say that in a number of European countries, co-operative marketing of fruit and vegetables is making progress under a certain amount of careful pressure from the central co-operative unions and agricultural associations. Organisation is, however, at present local in character, at least as far as trading is concerned, though several countries have National Fruit and Vegetable Marketing Committees of a consultative character. Except, however, in Holland, co-operative marketing is still far from occupying a dominating or even a very notable position on the market. Some of the problems with which it is confronted will be discussed in a later section

#### SALES TO DISTANT MARKETS

In some of the eastern states of America, as well as in the neighbourhood of large towns in other overseas countries, sales of miscellaneous fresh fruit and vegetables to industrial markets at short range are carried on much as in Europe. Co-operative organisations exist, usually local in character, and selling either on commission or, less commonly, by auction, by the methods already described

The principal horticultural industry of the overseas countries is, however, based on an export or at least a long range market. The fruit growers of California sell to the Eastern United States

or to Europe ; those of the West Indies to Europe and Canada ; those of Queensland to the southern states of Australia or to New Zealand ; those of New Zealand and South Africa to Europe. A staple output of many of these countries is citrus fruits, which possess considerable natural keeping qualities, as do bananas and one or two other species. In the case of other fruits, such as grapes, plums and apricots, keeping qualities can be secured by the relatively simple process of drying, though this has the effect of producing an article of a rather different character and economic value. In the case of all other fruits and vegetables, preservation to a distant market depends either on refrigeration or on canning. Refrigeration has been perfected almost entirely to defeat distance, but canning defeats time as well by making possible the consumption of out-of-season fruits and vegetables. The industrial uses of fruit in jams, juices, etc., have already been mentioned, and are to be regarded more as ends in themselves than merely as a means of preserving perishable produce.

The development of co-operative marketing in the overseas countries has been conditioned by considerations of distance and made easier by specialisation and large scale cultivation. The result has been large scale organisation such as those handling citrus fruits or raisins in California, bananas in Jamaica, or apples in New Zealand.

Fruit and vegetables account in value for 25 per cent. of the field crops of the *United States* and 15 per cent. of the total agricultural output. They rank in importance after milk, and have an estimated annual value of \$1,613 million. A considerable export is carried on, especially in citrus, dried and canned fruits, but the internal market still predominates. On the other hand, the richest producing districts, notably California, are so far removed from the consuming areas as to create many of the conditions of an export trade.

Co-operative marketing associations were formed in the

Eastern States as early as 1867, though few survived. Organisations started in California nearly twenty years ago later, and became general after 1900. California, the principal area of specialised fruit growing, remains the most strongly organised.

The production of *citrus fruit* is concentrated in California and Florida, with a few smaller areas. It is sold on distant markets and growers early felt the need to protect themselves against dealers and commission agents. In California the first co-operative organisations undertook pooling of crops and sale by auction or direct to the trade. Local "exchanges", as they were called, were set up, and brands established. Packing and selling were usually entrusted to a broker working at a fixed commission. An attempt to organise jointly with shippers was a failure. These local exchanges were gradually linked together and surrendered part of their individual authority. They are now federated in one large organisation, the California Fruit Growers Exchange, covering the whole state and handling 90 per cent. of the lemons and 70 per cent. of the oranges. There are also a few smaller co-operative organisations, with their own marketing agency, which handle the rest of the California and 90 per cent. of the Arizona crop. Organisation in Florida was begun in 1909 on the same lines as in California, the Central Exchange now controlling 30-35 per cent. of production. Two small exchanges on the Gulf Coast and Texas control about 20 per cent. of the local output.

The method followed in all these organisations is very similar. Local packing units are formed by the growers, and may be with or without share capital. Each has its own committee and is responsible for the picking, grading and loading of members' crops. It is usual to arrange a monthly or fortnightly pool, according to variety, grade and season. All expenses, losses and profits are also pooled. District exchanges consist of groups of local packing units, with occasionally individual members. They



fix minimum prices and make contracts with the locals and centrals and generally act as a link between them. The Central Exchange is a co-operative society without share capital formed by the district exchanges. An interesting experiment in co-operative technique is that its directors meet in public. Its main business is to keep in touch with markets and direct the orderly flow of members' produce. Consuming areas are divided into market districts, in each of which an office is established in charge of a representative of the Exchange. A few years ago, the California Exchange had 6 divisional managers and 40-50 sales offices in the United States and Canada. The smaller exchanges have naturally a less developed organisation. Fruit is allocated to the different sales markets according to demand, and sold on consignment. Much goes direct to the retailers; some is sold by auction. The California Exchange maintains rail inspectors, who watch the progress of fruit on the railways. It also carries on extensive advertising, as well as legal and horticultural advisory work. Such services are paid for under contract. The Exchange controls sales as well as grading and packing. Recent figures are difficult to obtain, but the sales of the California Exchange in 1926 were \$70 million, or 46,000 truckloads, and those of the Florida Exchange, \$18 million. The California Exchange has a subsidiary organisation engaged in manufacturing orange juice and similar products from the culls. The Florida Exchange has a subsidiary society supplying growers requirements, and another making loans, both to local associations, in the form of invested capital, and also to individual growers on the security of a mortgage on land and on the crop, which also involves insurance of the crop and a contract to sell it through the Exchange. Since 1906 the production of oranges and grapefruit in the United States has tripled, not a little being due to the advertising and propaganda carried on by the Exchanges. The organisation has stood the recent financial stress well, and falling

demand has been met by rationing (a) packing fruit and (b) loose fruit for local sale, and sending the balance to the processing plant. Increased expenditure on advertising has also been adopted.

*Dried fruit* comprises raisins, prunes, apricots, peaches and figs. Raisins are confined to California, which produces over two-thirds of the world output. Local co-operative organisation was started as early as 1889. In 1912 the California Associated Raisin Company was formed with share capital and the participation of some non-growers. Interest on shares was fixed and a dividend paid on purchases, and there was a three-year contract to deliver. By a device probably unknown elsewhere, the election of directors was placed in the hands of trustees. Packing plants and marketing agencies were purchased, hired or acquired on contract. Later, the well-known "Sunmaid" brand was adopted. The organisation at one time controlled 80 per cent. of the raisin grapes of the United States, but it was found to have internal defects, and was reorganised and placed on more co-operative lines in 1923. It was also restrained by law from fixing retail prices. The new organisation is in three separate units. The first, a co-operative association without share capital, receives raisins from its members and makes advances which, however, vary in amount. It is a central, not a federal, organisation, and though it has divided its area into districts, it has no local societies affiliated. The second, which is a co-operative company with share capital, some of which is held by non-members, receives the raisins from the first and prepares them for market at 28 packing stations. The third, also co-operative and without share capital, is responsible for marketing. No non-members' raisins are handled. Members enter into fifteen-year contracts to supply, but these may be revised on due notice. All sales are made through the society's own representatives. It undertakes the manufacture of by-products. The society suffered severely

during the fall in prices which has taken place since 1925, production, frequently by non-members, increased, and by 1930 it had ceased to control more than 30 per cent. of the crop. In 1929 the Federal Farm Board attempted to deal with the whole of the California grape industry by means of a Stabilisation Corporation. A Grape Control Plan was instituted in the following year. The Sunmaid organisation was subsidised, and the Control Board undertook to deal with surplus, levies being collected to cover the loss on unprofitable outlets and restriction of output. A new Fresh Grape Association was formed and a new Growers Raisin Pool, which took the place of Sunmaid in its contact with growers, and restricted the latter body to packing. Loans were made to all these organisations, and general steps taken for the welfare of the industry. In the first year the expenditure of the Control Board exceeded its income and the levy was in considerable measure uncollected. There was a large crop and a large carry-over. In the following year it was proposed to strengthen contracts, check sales of fresh grapes, make grading more rigid, dispose of carry-over as cattle food, and if possible secure the destruction of vinestocks. This drastic program is, of course, an affair of State rather than co-operative action.

*Prunes and Apricots* are also mainly Californian products. Prunes are invariably dried, apricots are to some extent sold fresh. A central co-operative organisation was formed in 1917. It has no share capital and no local units. Members number 11,000 and enter into individual contracts with the society. Private packing plants were first used by the society, which has now acquired its own and placed them in the hands of a subsidiary company. Sales are still occasionally made to private packers but are usually made through brokers on standard contract terms to home and foreign markets, payments being usually made by buyers against drafts. The society also has contracts with canners. The society controlled a few years ago about

45 per cent. of the total output of dried prunes, and 18 per cent of the dried apricots. This, however, represented a decline, and attempts were made to reorganise and increase the quantity handled. Advertising was also undertaken. In Oregon and Washington, from 35 per cent. to 40 per cent. of the crop was sold by an unspecialised farmers' co-operative marketing association.

*Peaches and Figs* are limited to California. An organisation handling both in their dried state was formed in 1916, with share capital, but without local units. Members entered into a contract to supply. It was reorganised in 1925, without share capital, and divided into districts. A subsidiary processing company was formed and the services of Sunmaid Raisins were used for marketing. The proportion of the crop handled is not known.

The canning of apricots, cherries, peaches, pears, plums and berries, as well as peas, asparagus, spinach and tomatoes, is carried on by several large local associations on the Pacific Coast, the co-operative output a few years ago being about \$7 million. Many of these also handled fresh fruit.

The sale of *Fresh Fruit and Vegetables* is usually carried on by unspecialised organisations, which, though most numerous in California, are to be found all over the United States. The California Fruit Exchange (not to be confused with the Fruit Growers Exchange handling citrus fruit) was formed in 1901, and is a federation of 110 local associations and individual members. The local associations deal direct with their members, advise them and undertake grading and packing, subject to inspection by the Exchange. The Exchange acts as their sales agent under contract. It is a co-operative organisation with capital shares, of which no holding may exceed two, and on which interest is limited to 8 per cent. No non-members or non-producers are admitted. Fruit is sold on all the main U.S. markets at auction, and by private treaty to jobbers, wholesalers and chain stores. It also makes use of the marketing

machinery of the (Citrus) Fruit Growers' Exchange. Strawberries and raspberries are sold either to commission agents or to canners. Annual contracts are made with commission firms as well as with the railways, which are bonded to ensure the performance of the contract. Sales some years ago stood at \$17 million and about 15 per cent. of the total for all deciduous fruits. The Exchange runs a fruit-growers supply department and has continued to do well through the period of crisis. Various other local co-operative organisations exist, and the co-operative output of certain fruits in California has been estimated as follows: pears, 50 per cent.; berries, 90 per cent.; grapes, 25 per cent.; cherries, manufacturing and canning, 30 per cent.; peaches (canning, usually a collective bargain is made with a private factory), 15 per cent.

The co-operative sale of *Apples* dates from 1867, but its principal development has taken place in Washington since 1902, and several large organisations have been built up, usually on a federal basis and without share capital. Some also run supply departments and one also a loan and advance department. Total sales have amounted to \$10 million, and include about 35 per cent. of Washington and Oregon apples.

*Cranberries* constitute another localised crop, concentrated in this case in New England and Wisconsin. Several local organisations in these States are federated in a central selling agency, the American Cranberry Exchange. Sales are made through brokers, the opening prices being fixed by the Exchange, which keeps in touch both with markets and with local associations. The latter have agents in producing districts and distribute orders. Sales were about \$3 million and represented about 64 per cent. of the output.

Many smaller fruit selling organisations exist, their joint turnover being about \$5 million. Some undertake collective bargaining and shipping, some run canneries, others undertake

packing and give advice. A good many handle both fruit and vegetables. Local societies handling *Vegetables* only (excluding, for the moment, potatoes and beans) number 119. There are a number in New England.

In 1923 an existing marketing agency on a national scale was reorganised on co-operative lines on the initiative of the American Federation of Farm Bureaux, and became the Federation of Fruit and Vegetable Growers, its object being to assist small societies with seasonal trade and limited resources, to carry on their marketing. It sells on behalf of individuals and local and federal co-operative associations in all parts of the United States. A contract is entered into which fixes a tentative charge for marketing, which, if it proves excessive, is corrected by a distribution of bonus. The terms of the contract are varied to suit circumstances. An annual due per carload is also paid, together with a levy constituting a revolving fund, which is repayable after it has reached a certain total. Branch offices are set up where needed in producing districts, and sometimes act for a group of associations. Qualified sales managers are moved round from one district to another, as different crops come into season. Staff is also maintained in selling markets. All types of sales are made, f.o.b. being the commonest type, but auction sales and private sales on arrival are also usual. The Federation handles 20,000-30,000 carloads, of which about 27 per cent represents potatoes, and 41 per cent hard fruits.

There are some grower-owned produce markets in Ohio, mostly selling wholesale on consignment, not by auction. Produce is graded and pooled. Other miscellaneous vegetable products which are sold co-operatively by local organisations of some importance, are watermelons, cane and maple syrup, seed and broom corn.

*Potatoes* are grown throughout the United States. Local co-operative organisations were established from 1908 onwards

in Minnesota, Michigan and Wisconsin, and potatoes were also sold by mixed co-operative associations dealing in agricultural requirements and other articles. Later, central exchanges were established, the most successful being in Michigan and Colorado. In Michigan, a voluntary co-operative federation without share capital has been established by the local associations. Sales are made by the exchange, 40 per cent. to brokers and the rest direct. A fixed commission is charged covering expenses, and any surplus is returned as bonus on business done. At the outset, contracts were made continuous, but terminable annually, and the local associations were free to decide whether or not their produce should be pooled. Packing and grading was also originally a matter for the local association, but control and grading has since been tightened up. The Federation handles about 21 per cent. of the State output. A similar Federation exists in Colorado, but its contracts cover seven neighbouring states, handling from 5 per cent. to 30 per cent. of the output of each. It has a subsidiary warehouse company which undertakes grading. Two other organisations were formed, one in Minnesota and one in Maine, using the same selling methods but centralised and not federal. Both have failed. In one district of Virginia, a centralised organisation of long standing and including a certain number of non-grower members, handles potatoes as well as other vegetables and strawberries. Pooling is carried out daily, produce is graded and sold in carload lots. The society handles 65 per cent. of the output of the district; it also supplies seed potatoes and containers.

*Dried Beans* are a Californian product. An attempt to sell the common variety through a co-operative society broke down through incautious advances to growers and from other causes. It never handled more than 10 per cent. of the crop. Lima beans, however, have been successfully handled by a federation of societies using public warehouses for cleaning, storing and shipping.

The California *Walnut* Growers' Exchange was formed in 1912, as a federation of local co-operative associations without share capital. Contracts are made between the grower and the local associations, which clean, grade, crack, pack, etc., and enter into a contract with the Central Exchange, which pools and sells. Cash sales and sales on consignment were tried and found unsatisfactory. The Exchange now employs brokers, who pay in advance and sell to the wholesale trade only. Stress is laid upon prompt payments to growers and the avoidance of carry-over. At one time, difficulty was found in disposing of the crop, but this has been remedied by a policy of low prices and extensive advertising. This has made possible a considerable increase in production. The Exchange handles about 80 per cent. of the crop. A California *Almond* Growers' Exchange was formed in 1910 on similar lines and with a 5-year contract with local associations. It has, however, rather less control over them than has the Walnut Exchange. It undertakes its own marketing to wholesale growers and confectioners and handles 60 per cent. of the State output. Two organisations handle *Peanuts* in Georgia, but without conspicuous success. There are some small but efficient associations dealing with *Pecans* on the Gulf Coast.

As already stated, recent figures are difficult to obtain. In 1931, the total number of fruit and vegetable marketing associations was given as 1,386, with 182,000 members and a turnover of \$319,000,000, or 13 per cent. of the national agricultural co-operative output. Of these, some 60 per cent were small, with a turnover not exceeding \$100,000. Of these societies, 70 per cent. was concentrated in the South Atlantic and Pacific districts, and 5 per cent. in New England and the Mid-Atlantic coast. Of the citrus fruits, 52 per cent. of the U.S. and 81 per cent. of the Californian output was co-operatively handled. These figures may be compared with those of 1925, when there



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were reputed to be 278 independent local organisations, with a turnover of \$110 million and 17 large federations with a turnover of \$138,000. The proportion of certain fruit crops co-operatively marketed in 1926, was as follows.

Citrus	.	.	.	66	U.S.
Prunes	.	.	.	45	California.
Apricots	.	.	.	18	"
Raisins	.	.	.	68	"
Peaches (canned)				12	"
Apples	.	.	.	{19	Washington.
				{29	Oregon
Cranberries	.	.	.	64	New England and Wisconsin.
Others	.	.	.	25	U.S

Percentages in several instances have undoubtedly fallen. Total output would appear to have risen considerably, taking into account the fall in prices. As far as sales methods are concerned, one or two new tendencies are becoming apparent. The practice of direct "trucking" or sales by road transport to consuming centres is on the increase and is modifying the need, or, perhaps more correctly, the desire, for co-operative centralisation. In other words, the reduction of distance is producing conditions nearer to those of Europe. Possibly another aspect of the same process is the increased attention paid to the possibility of co-operative auction marts and the opening of several by way of experiment. It would appear also that in some quarters f.o.b. sales are becoming more popular than sales on consignment.

Since the passing of the Agricultural Marketing Act in 1929, a new element—the activities of the Federal Farm Board—has been introduced into the situation. It has worked to bring about amalgamation, federation, and generally the grouping of small into large units. Its work in connection with the

raisins has already been described. It has organised fig marketing in Texas, and set up a national association to market pecans. Apples and vegetables in Florida have received special attention. Potatoes were "designated" under the Act in 1929, and an Interstate Potato Committee set up for the Atlantic Seaboard with the object of bringing about stabilisation, including acreage. In addition, a National Fruit and Vegetable Exchange has been set up which provides a sales service for small associations and is also a channel for loans. This has not met with universal approval. The large federations are unwilling to surrender their own sales organisation, and many object to membership being made a condition of eligibility for credit. Objections have also been heard to the linking of stabilisation with co-operation, though the policy of the Marketing Act has been generally preferred to any reversion to private enterprise. Now once again, Government policy has been revised, and the Federal Farm Board has ceased to exist. The effect of the National Recovery program on the fruit marketing societies is not yet fully known.

Fruit production exists to some extent throughout *Canada*, but it is concentrated in the East and in British Columbia. The value of production is given as about \$16 million, of which rather over half is represented by apples. Among other items of some importance are peaches, strawberries, raspberries and grapes. About half the fruit produced is exported, mainly fresh, and to the extent of 50 per cent. to Great Britain. There is also considerable market gardening and potato growing.

A number of local co-operative associations were formed between 1890 and 1900, usually for the sale of apples. Since then, there has been a move toward federation and centralisation. In *Nova Scotia*, the farmers' United Fruit Companies, a federal co-operative organisation, handles some 40 per cent. of the *Nova Scotia* apple crop, as well as a considerable bulk of potatoes. It operates a canning factory and sells fruit growers'

requirements. There are also a few small unfederated societies in the province. In *Ontario*, a number of small societies have existed for some time, and attempts to federate them at first failed. A large federation has, however, now been established, and handles the greater part of the fruit export of the province. It has its own representative in London. Another federation supplies fruit growers' requirements. Potatoes are handled by the United Farmers' Co-operative Company, which undertakes many other lines of business. In *New Brunswick*, the Fruit Growers' Association, the primary purpose of which is to sell requirements, has also, since 1917, undertaken the marketing of apples. In *Prince Edward Island*, there is a Potato Growers' Association with over 2,000 members. Market gardeners have organised for marketing in *Manitoba*. In *British Columbia*, strong local organisations have existed for some time, and handle up to 80 per cent. of the output in some areas. In 1925, an organisation under the name of Canadian Fruit Distributors was formed to undertake brokerage on behalf of the local societies. It appears to have flourished and has now 31 affiliated societies. A separate berry growers' society exists; it operates a freezing plant, and has secured considerable improvements in grading. In 1927, the State intervened with a Provincial Act, making possible the establishment of compulsory marketing. A Tree-Fruit and Vegetable Board was set up which does not undertake processing, but controls the sales both of co-operative and private traders. The total number of fruit growers co-operative organisations in Canada is given as 152, with 12,662 members.

The principal agricultural export of *Jamaica*, is bananas. There is also a comparatively small output of citrus and other fruit. Bananas are grown on company plantations, planters estates and, to a very large extent, on peasant holdings. Transport and marketing has until recently been the monopoly of the United Fruit Company, which also controlled shipping. Low

prices to growers have prevailed. In 1926, continued agitation among the growers, carried on especially through the Jamaica Producers' Association, an advisory, non-trading body, led to the formation of the Jamaica Banana Producers' Association. A contract to supply was drawn up, backed by special legislation, and was signed by over 7,000 growers of all types. Some State assistance was obtained for educational purposes, and the Government of the Island guaranteed the debentures of the Association in order to make possible the establishment of the Direct Fruit Shipping Line, with a fleet of four steamers (now increased to six) and the association's own marketing company in Europe. For the latter purpose, it was necessary to collaborate with an existing private company independent of the combine, in order to gain access to the markets of Canada and the U S A. The Producers' Association has direct access to the markets of Europe. Local units were established in Jamaica for purposes of transport and propaganda. The Association has survived the attempts of its rivals to break its members' loyalty by offers of high prices and also to injure its European market by a threat to boycott the Scottish Co-operative Wholesale Society, one of its considerable customers. In 1931, the Association had 11,823 members, of whom 99 per cent. had less than 50 acres of land. The total acreage controlled was 54,869, representing one-third of the output of the island. An attempt to organise the smaller citrus industry is now being made.

*South Africa* is a large producer and, in recent times, exporter of fruit. In 1930, the total exports of fruit amounted to £1.5 million, of which citrus fruits accounted for £.894 million and grapes for £.167 million. The export trade is governed by State regulations regarding quality. Local co-operative organisations exist to the number of 67, including some engaged in handling dried fruit. The South African *Dried Fruit* Company owns its own factories, engages in export, and is the largest in the country.

Another society handles 50 per cent. of the South African raisin crop. The turnover of the local societies is about £710,000. In 1921, the Fruit Growers' Co-operative Exchange was formed to undertake export. It was reorganised in 1926 with sub-sections dealing respectively with *citrus* and *deciduous* fruits. At the same time, the proceeds of the Government fruit levy were used to finance its operations. Although a few of the local associations sell fruit on commission, and some of those dealing in citrus fruit handle the crop, the majority have been formed to deal with exchange, and do not pack or market. In 1927, a further step was taken, and the Overseas Farmers Federation, a co-operative organisation representing farmers' associations in several British Dominions, was made the representative of the Exchange, and thenceforth handled up to 50 per cent. of the output. It also sells about the same proportion of the output of the South African Dried Fruit Company. It selects agents and markets, and guarantees producers against bad debts. The last few years have seen an increase of production both among members and non-members of co-operative associations, and this, together with an outlet for low-grade fruit, are constituting the principal problems of the organisation. Most of the societies also deal in horticultural requirements.

*Potatoes* constitute one of the main crops of South Africa, and there are several seed potato growers' associations. Marketing of the crop, however, has not yet been attempted. *Wine Growing* is one of the principal industries of the country, and marketing is almost entirely co-operative. A single large association includes 95 per cent. of the wine growers of the country. It was formed in 1917, reorganised in 1922, and has been the principal exporter since 1926. Quality is controlled by Government. There are also six small wine growers' societies, one of which also packs and stores fresh fruit. The members of all seven stand at 3,590, and the turnover at £533,800.

A considerable quantity of fruit is produced in *Australia*, both of the type suited to temperate regions in the South, and tropical varieties in Queensland. The principal crop is apples, but there is also a considerable output of oranges, bananas, peaches and pears. Apples and dried fruit are exported to a distance; the remainder is principally consumed on the home market or in New Zealand.

*Dried Fruit* is principally the product of Victoria, though small quantities also come from South Australia and elsewhere. The Australian Dried Fruit Association was formed in 1907 for general advisory purposes; it has no corporate existence, and includes dealers as well as 90 per cent. of the producers. It did not trade, but established prices, grades, etc. In 1924, a bumper crop and the difficulty experienced in exporting at least 75 per cent., led to the establishment of the Export Control Board in 1925, a semi-official body on which both the growers and the Government are represented. District Boards were established for Victoria and South Australia, and the possibility of inter-state dumping avoided. A number of farmer-owned packing sheds exist and handle about half the crop. The Association continues to supervise packing, grading and technical improvements, but the Export Board, which is supported by 90 per cent. of the growers, controls exports, fixes prices, and issues a quality licence. It meets administrative expenses by the imposition of a levy. It handles up to 90 per cent. of the raisin and 98 per cent. of the currant crop. Of this, over 50 per cent. is exported to Great Britain through the Overseas Farmers' Federations. Sale results are pooled, and there are various price equalisation funds. The largest single co-operative packing association in Victoria, placed its London office at the disposal of the Overseas Farmers, and now sells through them.

In *New South Wales*, organisation dates principally from the period after the War. A number of local packing stations for

*Citrus* fruit were formed and federated in the Central Co-operative Citrus Association, with which they enter into selling contracts. This does not handle the whole crop, even of its affiliated organisations, but it deals with about 17 per cent. of the total output of valencias and navels. Several other local fruit associations exist either for marketing or the supply of requirements. There is an increase in the co-operative packing and the cool storing of *apples* and *pears*. These are exported to England, but the cold storing on shipboard leaves something to be desired. *Tomatoes* and other fruit are handled, and, in some cases, canned. There is some *wine* production. In certain districts, up to 95 per cent. of the fruit crop is sold co-operatively. Some of the glasshouse growers are organised, and there are nurserymen's associations working in agreement with fruit-growers' associations for the supply of trees. A compulsory Orchard Levy is used to finance the Fruit Growers' Federation. The establishment of a Compulsory Fruit Board or boards has been discussed, but apparently without result. The organisation of a vegetable marketing board is under consideration. A *Potato* Growers' Council was formed in 1930, to encourage the formation of local co-operative associations for the production and sale of seed and table potatoes, and to arrange cool storage. The first society to be formed, makes contracts with members, issues seed certificates, grades and cool stores. It handles all the seed and some of the table potatoes of members.

*Queensland* has developed a striking system of what is sometimes called "compulsory co-operation". The producers of any agricultural commodity may, by the decision of a given majority, establish a marketing board on co-operative lines, to which all growers are obliged to adhere. The Board may be dissolved by a vote of the members after a term of years. The Fruit Marketing Organisation Act of 1923, was the first step in this direction. It vests the marketing of all fruit in an elected body

of growers working through local associations. It is divided into five sections, for bananas, pineapples, citrus, deciduous and other fruit. Advances on deliveries are made to growers. Sales are made either direct or through brokers, and may be either inter-state or for export. The Australian market is, however, the largest. The Board has banana-ripening rooms, and also handles fruit-growers' requirements; it undertakes packing and transport, and has an arrangement with canning firms. The output of bananas, pineapples and strawberries have all increased. In 1929 a poll of growers decided by a 67 per cent. majority to continue the Board for another five years. A separate Peanut Board also exists and undertakes storage treatment and marketing.

In Tasmania the development of co-operative marketing has been very recent. A *Potato Marketing Board* was set up in 1929, and a proposal is now being discussed for a voluntary tightening up of grades in times of glut. The sale of peas and tomatoes has been organised locally, and an attempt is being made to handle root crops. A Committee of Small Fruit Growers arranged the marketing of the 1930 crop, and the establishment of some form of fruit organisation seems probable.

The orchards of New Zealand cover 28,000 acres, and are chiefly devoted to apples and pears, the bulk of which are exported to Europe. The export trade is encouraged by the State, which guarantees the gross market price for properly packed and graded fruit. It also makes loans to canneries and similar institutions. In 1931, exports amounted to £669,000, mainly to Great Britain; in 1932 the bulk sales amounted to 1.6 million bushel cases of apples and pears.

The New Zealand Fruit Growers' Federation, a co-operative body with local units, was set up in 1906. The local societies, which number 73, have a low annual subscription fee but no share capital, and do not engage in trade. In 1924, the Fruit



Control Board, an official body, was set up as a result of a poll of growers. One province is excluded from its operations. It supervises the industry generally, controls quality and allocates shipping space, but does not trade. The Fruit Growers' Federation (which since 1927 has been financed by an orchard tax of 5s. per acre, collected by the State), acts as its business department, and virtually controls shipping and marketing. It fixes destination and nominates brokers, but neither pools nor attempts to fix retail prices. It also trades in horticultural requirements.

There has been some local organisation of the sale of tomatoes and grapes.

*Palestine* is a considerable producer of oranges, largely exported. About 40 per cent. of the orange groves are in Jewish hands and the rest in those of Arabs. The Jewish co-operative marketing and requirements society, "Pardess", was founded in 1900 and now exports about 233,000 boxes. It controls 12 per cent. of the Palestine orange groves. There are, in addition, two smaller organisations. Recently, local irrigation and packing societies have been formed, which it is hoped may join with the three older associations in forming a Palestine Fruit Growers' Exchange, on the lines worked out in California. There are also Jewish *wine*-growing societies.

A successful co-operative vegetable auction exists in *Egypt*, at Alexandria, and sales of seeds and fertilisers, as well as a small credit business are carried on in connection with it. There are a certain number of co-operative wine-growing societies in the *Argentine*. In *British Guiana*, a Producers' Association of a general character has undertaken experimental shipments of fruit and vegetables to Canada and the West Indies. The Government has established a semi-co-operative marketing organisation for grape fruit in *British Honduras*. In *Fiji*, copra is marketed co-operatively.

The organisations of the fruit-exporting countries may be

federal in character, with democratically organised local societies, or they may be severely centralised, but they are all either national in scope or at least covering a homogeneous area equivalent in size to many of the smaller European countries. At the same time, the stages of marketing are frequently divided between the local societies or branches which are responsible for assembling, grading, packing and sometimes storing, and the central or federal body, which, without concerning itself with the physical handling of the commodity, arranges for its shipment and usually also for its sale in distant markets. All this entails a highly complex organisation. The auction method is not used. Instead, the federation sells either through its own wholesale branches established in consuming centres, through agents appointed and paid by it, or through brokers who contract to do business for the federation at a fixed commission. Occasionally sales are made through private auctions. The whole selling method is an elaboration of the sales on commission practised in Europe, but with the modification that owing to the long period which must frequently elapse between the harvesting of the crop and its ultimate sale, it is usual to make an advance to growers which may perhaps amount to two-thirds of the anticipated price, the balance being distributed after the sale is complete.

Pooling is carried out more universally, perhaps, than in European societies with the same selling methods. Grades and packs have been brought to a high degree of excellence, frequently with the backing of State regulations. Horticultural requirements are supplied, usually through a subsidiary organisation, and in some cases a further subsidiary exists to make loans, usually on the security of crops to be marketed through the principal organisation.

The proportion of output handled by voluntary co-operative marketing organisations operating in competition with private agencies, is often large, amounting to as much as two-thirds

of the total. Larger figures have been recorded but have not always been maintained, it would appear, owing to the failure of co-operative membership to keep pace with the influx of new growers into the industry, a development itself made possible by the price stabilisation secured by co-operative methods. Another explanation may also perhaps be sought in the method of organisation which relies on mass propaganda rather than on individual education, and occasionally attains results more rapid than durable. Co-operative organisation nevertheless controls, or at least powerfully influences, a great proportion of the fruit marketing of the overseas countries.

In several countries, however, it has been desired to carry control and regulation still further, and while retaining co-operative forms, to secure their universal adoption by State sanctions. The most notable example is Queensland, where a majority of fruit growers, having decided to market their produce co-operatively, the organisation set up for this purpose has been granted power to compel the adherence of the minority. Permissive legislation has been passed on the same lines in other British Dominions, and also in Great Britain itself. In others, a national board, financed by a compulsory orchard tax, exists to supervise and improve marketing, but does not itself engage in trade.

### PROCESSED CROPS

The foregoing summary has been based on a division into sales of fresh produce on near markets, and sales of non-perishable or preserved produce on distant markets. Two important articles cannot be conveniently fitted into this classification.

Co-operative wine-growers' societies exist throughout Southern Europe as well as in South Africa and Australia. Some are engaged in the making of wine, others only on its sale. Some also manufacture allied products, such as brandy or soap from

grape pips. In South Africa, the wine industry is practically controlled by one large growers' organisation. In France and Germany the proportion marketed co-operatively is considerable.

The marketing of new potatoes does not differ from that of other vegetables, and is usually carried on by the same societies. Maincrop potatoes, on account of their superior keeping qualities, and to some extent their character as field crops, are sometimes handled separately, either by special organisations or as part of the business of general agricultural supply and purchase societies. Potatoes are also, however, exclusively used for industrial purposes, principally for the production of starch and allied products and of alcohol. Both these industries are carried on by co-operative societies throughout central Europe, notably in Holland, Germany and Czechoslovakia, where a considerable part of the industry is in co-operative hands.

### CONCLUSIONS

A survey such as the foregoing is perhaps best concluded with a statement of some of the principal problems and alternatives confronting those engaged in the co-operative marketing of fruit and vegetables.

1. *Should societies be local or national, and should a national organisation be centralised or federal?* The answer to the first part of the question depends to some extent on the market to be served. A local society may serve a purely local market satisfactorily, but as soon as the possibility of competition between local societies either on the home or the foreign market becomes possible, a national organisation, even if it be only of a consultative character, becomes necessary. In all cases the opportunity for education and uniformity of methods afforded by a national organisation, are of high value. In the case of export, it is almost essential that actual marketing should be entrusted to some national body.

With regard to the second part of the question, not only general co-operative tradition, but the practical experience of recent years in the United States suggest that the federal form is far superior to the centralised, and that the existence of active and democratically conducted local societies is essential to the stability of the national organisation.

2. *Should societies be specialised or mixed?* The handling of one crop only presents certain advantages, notably that of simplicity, and has been successfully achieved where production itself is specialised and on a large scale, and notably, where the marketing season is prolonged. With areas producing mixed and highly seasonal crops, however, this ideal is impracticable; and a mixed organisation which can handle the whole of its members' crops, and at the same time keep plant and personnel occupied throughout the year, inevitably takes its place. An interesting compromise has been worked out in the United States, where a federation of specialised local societies, selling very varied crops, employs expert salesmen, who visit them in turn for the season, during which they are very active.

3. *How far should societies engage in processing?* Processing, as previously pointed out, may be for the sake of producing a new article of commerce, or merely of ensuring the keeping quality of fruit. In the latter case, it may be regarded as a means of dealing with surplus, comparable to butter and cheese making in those countries where they are subsidiary to the trade in liquid milk.

Processing as an end in itself, has been carried out in several countries by local societies, with considerable success. The principal obstacle to its extension is usually the capital which must be raised and the organisation which must be more elaborate and costly than that needed for sales to existing private factories.

Processing as a means of disposing of surplus is an attractive idea to all those engaged in handling a perishable product, but

it may be doubted if plant will ever repay the capital invested if it is merely used as an adjunct to trade in the untreated product.

4. *What is the place of subsidiary organisations for requirements and credit?* Most co-operative organisations engaged in marketing also supply horticultural requirements, with safety to themselves and profit to their members. The only question seems to be whether this should be done through the marketing organisation itself, or through a subsidiary body. Theoretically, the second alternative would appear to be preferable. But the first is frequently followed without serious inconvenience

The need for credit in horticulture is often even graver than in agriculture, especially in the case of intensive cultivation and glass-house production. It is, however, undoubtedly better that loans should be made through an independent growers' credit society than through the marketing organisation. Indeed, it would probably be for the better if the practice of paying advances on produce received but not yet marketed could everywhere be superseded by loans from separately constituted credit societies

5 *Should produce be pooled?* The argument against pooling is that the merits of individual growers can, if produce is kept separate, be recognised by buyers and fetch a higher price. The arguments on the other side, pointing out the advantages of uniformity, bulk handling and general high quality, in practice, however, undoubtedly outweigh any other considerations.

6. *Sales by auction or on consignment?* It has already been shown that sales on consignment are universal in the case of distant markets. In the case of near markets, the tested merits of the Dutch auctions would incline to prejudice the observer in favour of that method. Experience in England, however, has suggested that sale by co-operative auction, though having an excellent effect on production and preparation for market,

and securing the auctioneers' profit to the growers, has comparatively little influence on prices since these are determined by wholesalers and dealers who frequent these markets and who also claim a middleman's profit before passing the goods on to the retailer. The danger of dealers' rings is also present. It may perhaps be pointed out that in the sale of butter and eggs, the Dutch themselves started with auction sales, and when the product had been worked up to a sufficiently high standard and reputation, abandoned the method in favour of sales on consignment.

7. *How can the co-operative marketing society approach more directly the consumer?* This question rises naturally out of the one preceding. Undoubtedly much co-operative marketing, especially of the commodities under review, is still far from the ultimate consumer. The case of the auctions has been dealt with; the societies selling on consignment can sometimes sell direct to factories, retailers, or consumers' co-operative societies, but, owing to the perishable nature of the product, the occurrence of local gluts and famines, the effect of weather changes and the fluctuating nature of demand, the fruit and vegetable market is one specially predisposed to the intervention of middlemen, who flourish in large numbers owing to their power of relieving the harassed seller of a fast perishing product, and of directing it towards some demand which he could not readily have detected for himself. To supersede such middlemen by assuming their functions required an elaborate and probably costly organisation on a national scale, handling all types of produce throughout the year. The establishment of such an organisation would involve expense and a measure of risk, but the advantages and economies attending success would be very great.

An alternative is the establishment of direct relations with consumers' co-operative organisations who would supply the

national distributive machinery. This has been done locally, with success, but the consumers' societies themselves do not in most countries account for more than a relatively small proportion of the national consumption of fruit and vegetables. Retailing by growers' organisation has been rarely attempted and still more rarely successful.

8. *What is the demand for fruit and vegetables, and can it be affected by marketing societies?* It is generally held that the demand for fruit and vegetables in many countries has greatly increased in recent years, principally owing to improvement in transport, which has influenced supply, and, with it, price. On the other hand, it seems probable that the present lowering of the standard of living, through industrial depression, must tend, temporarily at least, to check the consumption of what are, after all, not, quantitatively, basic necessities of life.

There seems sufficient ground for believing that in the past, demand has been stimulated not only by volume of supply and cheapness, in which co-operative organisation has, of course, played its part, but also by improved quality, grading and packing and, further, the advertisement and propaganda which has been an important feature of co-operative activity in Holland, the United States and elsewhere.

9. *The effects of State action. (a) Tariffs.* In an endeavour to deal with the agricultural price crisis, many governments have imposed or increased tariffs on agricultural and horticultural produce. This has had a serious effect on the exporting countries, and it seems doubtful whether importing countries have much benefited. Horticultural produce is peculiarly liable to local gluts and famines, and the possibility of extracting the highest value from each year's crop depends very largely upon its mobility.

10. *Effects of State action: (b) "compulsory co-operation".* As has been shown, there is an increasing tendency, especially



in the English-speaking countries, to give co-operative organisations the compulsory character of State institutions, and entrust the whole crop, or the whole exported crop, to their handling. From one point of view, this may be looked upon as a criticism of voluntary co-operation. It has other implications. It may, by associating the State more closely with trading operations, stimulate the imposition of tariffs. It leads almost inevitably to a strict control not only of marketing, including imports, but ultimately of home production. This leads in turn to a question latent in all co-operative marketing, but acute wherever full control of the product is assumed.

II *Does co-operative marketing lead through price stabilisation to over-production?* This fundamental and very difficult question is not peculiar to the handling of fruit and vegetables. Certain experience—with wine in South Africa, with raisins in the U.S.A.—does, however, show that there is a considerable danger of production of fruit increasing too rapidly for the market where co-operative organisation has been successful in maintaining good and stable prices, especially, of course, in those countries where agricultural enterprise has remained mobile. The result has been a demand for limitation of output which with the backing of State authority has some chance of being carried out. The expedient is a sinister one, since it is generally recognised that production is only excessive in relation to effective demand, not to human needs. This difficulty is indeed an aspect of the major problem confronting economists today, the solution for which can only be sought in co-operation in its widest sense embracing both producers and consumers, agriculture and industry.

## LEGISLATION OF THE YEAR

### ALBANIA

Act respecting Agrarian Reform, the Agricultural Bank and the Model Contract—April 17, 1930

Commercial Code—April 1, 1930

Act setting up Agricultural Chambers—April 30, 1932

Act amending the Act regarding Agrarian Reform, the Agricultural Bank and the Model Contract—June 2, 1932.

Act specifying the conditions in which grants or advances can be made to agricultural co-operative societies—1933

### ARGENTINE

By a special Treasury decree, the large building, consumers' and credit society of Buenos Aires, "El Hogar Obrero", has been exempted from turnover tax. This exemption is based on the terms of the Civil Code of October, 1931, which lay down that turnover tax is only applicable to private traders trading for profit

Decree establishing the Commission for the Extension of Co-operation—September 10, 1931

Treasury decree concerning the taxation of Co-operative Societies—May, 1933

### AUSTRIA

The income tax laws have been amended by emergency decree which increases the liability of consumers' co-operative societies to taxation. Under the old law societies were taxed

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at the rate of 12 per cent. on profits but were allowed to deduct from the taxable amount a sum equal to 1 per cent of their turnover. The new decree provides that all economic societies with net profits exceeding 1,500 Austrian shillings are to pay a tax at the rate of 8 per cent. on profits up to Sh. 3,000, 10 per cent. on profits up to Sh. 4,500, and 12 per cent. if their profits exceed Sh. 4,500. Most societies will pay the full rate, which may be compared with the maximum tax of  $7\frac{1}{2}$  per cent. on private trade. Grants by co-operative societies to other organisations for social and educational purposes, formerly exempt, are now taxed.

A decree of April, 1933, places the consumers' co-operative movement under the control of the Chambers of Commerce and the Guild Associations of small traders and artisans, and subjects them to the supervision of the special police who control guild activities. Stores and their managers are required to obtain Guild Association certificates.

Decree regarding Trade Associations—March, 1933

Emergency decree on the taxation of Co-operative Societies—May 19, 1933.

## BELGIUM

† Royal Order amending previous Orders concerning State subsidies to Friendly Societies—May 26, 1933.

## BRAZIL

Decree to amend the provisions of the legislative decree of January 5, 1907, with regard to Co-operative Societies—December 19, 1932

Supplement to the order respecting Co-operative Societies and their Unions—April 28, 1933.

### *São Paulo*

Decree creating a Department of Assistance to Co-operation under the Secretariat of Agriculture, Commerce and Industry—June 2, 1933.

## BRITISH EMPIRE

## GREAT BRITAIN

Taxation was imposed on co-operative societies by a resolution of Parliament which laid down that the exemption of societies from income tax under Schedule C (Interest) and D (Profits) shall cease and that profit derived from trade with members shall be assessed in the same way as profit from trade with non-members. Dividend is regarded as a trade expense and is not taxable.

In July an Act was passed "to provide for the better organisation" of the agricultural industry and of the industries connected therewith by regulating the importation and sale of agricultural products and the production of secondary agricultural products, and to amend the Law with respect to the marketing of agricultural products. It laid down that the Board of Trade, after consultation with the Minister of Agriculture and the Secretaries of State for Scotland and Northern Ireland, might make an order regulating the import into the United Kingdom of any agricultural product, provided that such product forms the subject of a reorganisation scheme under the Agricultural Marketing Act, and that without such an order the "effective organisation and development" of this branch of agriculture cannot be maintained. The order may determine both the quantity and description of the product which may be imported. Where the importation of an agricultural product is controlled, the Minister of Agriculture may also control the sales of the home-grown product or any related product, both as to quantity and quality. The administration of such control shall normally be exercised by the marketing board concerned. The duty of recommending on the control of imported and home-grown produce is entrusted to a Market Supply Committee appointed by the Minister.

The second part of the Act provides that where two schemes are in operation, one marketing the secondary product of the other (*i.e.* bacon and pigs), the Minister may authorise the operation of a development scheme for the production of the secondary product. Such a scheme shall be administered by a board, of which the chairman and two other members are appointed by the Minister, and the remainder elected by the boards concerned. The Development Board may issue licences for the production of the secondary product, and may prohibit production by unlicensed persons. Development boards are also authorised to purchase premises used for the production of the secondary product and to dispose of them as they think fit, with the object of reducing inefficient or excessive production. Producers may claim compensation. Boards may exempt producers; they may defray their expenses from levies on the constituent marketing boards. Development boards may further exercise any of the powers of constituent marketing boards to grade, pack, process, etc., the product dealt with, and also to regulate sales. It may further require estimates, returns, accounts and similar information from holders of licences to produce the secondary product, to inspect their premises and to promote appropriate education and research.

The Act of 1931 is amended in order to allow of the regulation of sales by boards and to include a partly or wholly manufactured product in the same category as the unmanufactured product when the manufacturing process is carried on by the seller in agreement with the buyer. Existing boards may be modified accordingly. Boards are authorised to pool and distribute the proceeds of sales of regulated products. New regulations are issued with regard to co-opted members of boards, election of an executive committee, payment of compensation to secure the equitable working of schemes and the effect of schemes on contracts. The preparation of development schemes

may be undertaken by the Agricultural Marketing Reorganisation Commissions established under the principal Act.

Supplementary provisions make compulsory the sale of eggs either by weight or under grade designations, authorise the Board of Trade to obtain information regarding agricultural products held in store, and settle various points regarding the payment of expenses in connection with the initiation of schemes, also the procedure of Parliamentary approval.

An Agricultural Marketing Bill introduced at the end of 1933 increases the financial powers of marketing boards

Finance Act—1933.

Agricultural Marketing Act—July 18, 1933.

#### CANADA

Co-operative associations of farmers, dairymen, livestockmen, fruit-growers, poultrymen, fishermen and similar producers have for many years been exempt from income tax on profit derived from the sale of produce or the purchase of supplies, provided the trade with non-members does not exceed 20 per cent. of the trade with members. Consumers' societies whose members do not fall into the above categories have been taxed on net profit over \$2,000 after the payment of dividend on purchases. This minimum was removed in 1933 and all profits are now taxable except, as explained above, in the case of agricultural societies.

##### *Alberta*

Act to amend the Alberta Co-operative Rural Credit Act—March 31, 1932

Act to amend the Alberta Co-operative Rural Credit Act—April 11, 1933.

##### *Manitoba*

Act to amend the Co-operative Associations Act—April 1, 1933.

##### *Nova Scotia*

Act to provide for the organisation of co-operative savings and Credit Societies termed Credit Unions—April 18, 1932.

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### *Ontario*

Act to assist Co-operative Associations in marketing agricultural products—March 29, 1932.

### *Quebec*

Act to amend the Co-operative Syndicates Act—February 19, 1932.

Act to amend the Co-operative Associations Act—March 29, 1933.

Act to amend the Quebec Co-operative Syndicates Act—March 29, 1933.

### *Saskatchewan*

Act to amend the Agricultural Societies Act—April 13, 1932.

Act to amend the Co-operative Marketing Associations Act—March 30, 1933.

## AUSTRALIA

### *Queensland*

Regulations under the Primary Producers' Co-operative Associations Acts—June 25, 1931.

Order in Council under the Primary Producers' Organisation and Marketing Acts—August 6, 1931.

Regulations under the Primary Producers' Organisation and Marketing Acts—August 27, 1931.

Order in Council under the Primary Producers' Organisation and Marketing Acts—October 15, 1931.

Order in Council under the Primary Producers' Organisation and Marketing Acts—November 12, 1931.

Regulations under the Primary Producers' Organisation and Marketing Acts—December 17, 1931.

Act to amend the Primary Producers' Organisation and Marketing Acts, 1926-30—January 6, 1933.

## SOUTH AFRICA

### *Union of South Africa*

Act to amend the law relating to Co-operative Agricultural Societies and Companies—June 21, 1933.

## GOLD COAST

### *Ashanti*

Extension of the Co-operative Ordinance to Ashanti—July 28, 1931.

## TRINIDAD AND TOBAGO

Ordinance to amend the Agricultural Bank Ordinance—December 7, 1931.

## CYPRUS

Law to amend the law relating to Co-operative Credit Societies—December 14, 1932.

## ST HELENA

Ordinance to provide for the constitution, registration and control of Co-operative Credit Societies—January 8, 1932.

## FIJI

Friendly Societies Ordinance—1878.

Ordinance to amend the Friendly Societies Ordinance—October 25, 1930.

## BULGARIA

Act to amend and supplement the Act regarding the Bulgarian Central Co-operative Bank—April 10, 1933

## CHILE

Decree regulating the issue of bonds by the Agricultural Credit Bank—January 15, 1933

Decree-law concerning the operations of the Agricultural Credit Bank—May 13, 1931.

Decree making the Agricultural Credit Bank dependent on the Minister of Agriculture—September 22, 1933.

Legislative decree amending the legislative decree of October 17, 1925, respecting Co-operative Societies—September 30, 1932.

## CHINA

Law on Agricultural Associations—December 30, 1930.

Law applying the above law—January 31, 1931



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Law applying the law on Commercial Societies—February 21, 1931.

Order of the Minister of Industries making provisional regulations concerning Agricultural Co-operative Societies—April 18, 1931.

### COLOMBIA

Law amending the law of 1923 on banking establishments and the laws governing the Agricultural Mortgage Bank and creating the Agricultural Credit Bank and the Savings Bank of Colombia—May 5, 1931.

Decree amending the decree of November 10, 1931, on the Agricultural Credit Bank—November 25, 1931

Decree making certain additions and reforms in the functions of the Agricultural and Industrial Credit Bank (Agricultural Credit Societies)—May 11, 1932.

Decree containing certain provisions regarding Co-operative Societies—May 17, 1932.

Decree amending the Act of 1931 regarding Co-operative Societies—June 25, 1932.

Decree issuing regulations under the Act of 1931 regarding Co-operative Societies—August 3, 1932.

### CZECHOSLOVAKIA

Recent emergency regulations (summer, 1933) permit the Government, in order to preserve law and order and maintain the democratic and republican character of the constitution, to restrict or suppress the activities of associations, including co-operative societies, if they pursue political objects which threaten these conditions, or menace the integrity of the State, or if they allow themselves to be used as a screen for political activities of this character.

### DENMARK

The operations of the English tariff and quota system have necessitated a corresponding regulation of the Danish exporting

industries and an element of State regulation has for the first time been introduced into Danish co-operative marketing. This has been secured as far as the pig industry is concerned by two decrees centralising the export of bacon, introducing a compulsory levy on pigs and regulating production. Full particulars will be found in an earlier section of the *Year Book*.

Law reorganising the bacon industry and introducing a pig levy—November, 1932

Law regulating the production of pigs—April, 1933.

## DUTCH EAST INDIES

Ordinance to issue general regulations for Co-operative Societies—March 11, 1933.

## EGYPT

Law suppressing the agricultural reserve—July 25, 1931.

Law allocating £E500,000 from the general reserve to form the share of the Government in the Agricultural Credit Bank of Egypt—July 25, 1931.

Law on the realisation of securities in connection with advances made by the Agricultural Credit Bank of Egypt.

## ESTONIA

Act respecting Co-operative Societies and their Unions—May 8, 1931.

## FINLAND

Decree establishing the conditions in which State subsidies are granted to syndicates and co-operatives for cattle control and the provision of bulls—December 29, 1930

## FRANCE

In May, 1933, the Senate confirmed the vote of the Chamber of Deputies subjecting the undistributed surplus of co-operative societies to tax on profits. All societies with annual sales of over 1 million francs pay the turnover tax in addition.

An Act was passed in March providing for the reorganisation of mutual agricultural insurance societies against hail. Societies are to be confined ordinarily to one canton and are to be members of a departmental or regional society for purposes of reassurance. Premiums shall be fixed at 10 per cent. Cantonal societies may receive special loans from agricultural credit funds and smaller societies may participate through a reinsurance society. They must make rules for the distribution of surplus in accordance with existing law in case of liquidation. Subsidies may be received for initial expenses and for subsequent operations, usually in cases of loss. Similar regulations are laid down for reinsurance societies, and these in turn may be grouped in a national society. An Act of May, 1933, specifies the conditions under which a State subsidy will be paid to agriculturists insured against hail.

Decree fixing the rate of interest on State loans to Workers' Productive and Credit Societies—February 20, 1931

Decree on the rate of interest on long-term loans for the improvement of the housing of rural workers—August 1, 1931.

Decree amending the decree of April 12, 1916, and the law of December 4, 1913, on maritime mutual credit—October 14, 1932.

Decree instituting an economy commission in the National Agricultural Credit Bank—November 16, 1932.

Decree amending the decree of October 15, 1932, fixing the conditions of appointment of actuaries to the National Agricultural Credit Bank—December 7, 1932

Decree fixing the rate of interest on advances by the State to Workers' Productive and Credit Societies—January 26, 1933

Decree fixing for 1933 the rate of interest on long-term individual and collective loans granted in accordance with the law of August 6, 1920—February 18, 1933

Decree nominating the members of the full commission of the National Agricultural Credit Bank—March 17, 1933.

Decree concerning the organisation and working of Agricultural Mutual Insurance Societies against hail, which apply for State subsidies—March 18, 1933

Decree establishing a temporary service for the encouragement of insurance against hail and a joint organisation for insurance against agricultural calamities—March 31, 1933

Decree concerning allocations to joint organisations for victims of agricultural calamities—April 7, 1933.

Law regarding the taxation of Co-operative Societies—May, 1933.

Decree fixing the conditions on which subsidies will be granted in accordance with the law of March 31, 1932, to agriculturists insured against hail—May 10, 1933

Decree amending the decree of April 15, 1924, concerning autonomous banks created by Mutual Aid Societies—June 9, 1933.

Decree amending the decree of October 20, 1928, regarding Regional Mutual Agricultural Credit Banks—July 14, 1933.

Decree establishing the administrative accounts of the National Agricultural Credit Bank—July 18, 1933.

Decree authorising the National Agricultural Credit Bank to make an advance on a special account provided for in Article 26 of the law of July 10, 1933, on the organisation of the grain market—August 6, 1933

#### ALGERIA

Law creating a common fund for native societies for provident purposes and mutual aid and loans—July 19, 1933.

Decree extending to Algeria the law of December 25, 1927, and Article 170 of the financial law of April 16, 1930, relating to societies for mutual aid—January 27, 1933.

#### FRENCH WEST AFRICA

Order relating to the working of native societies for provident purposes, mutual aid and loans in the Niger Colony—September 3, 1932.

Order amending the above Order—November 6, 1932.

## MADAGASCAR

Decree amending certain articles in the decree of April 18, 1930, organising credit, mutual aid and co-operation—September 18, 1932.

Order proclaiming the above decree—October 27, 1932.

## INDO-CHINA

A law of May, 1933, deals with agricultural mutual credit. It creates an autonomous public body, the Agricultural Mutual Credit Office of Indo-China, with powers to control and co-ordinate the work of French and native local mutual agricultural credit banks and their affiliated associations and to allocate credits to them. Dealing with French local and native provincial banks it may advance short-term credit on current accounts, make advances for individual or collective medium-term loans, and make special advances to co-operative societies, communes and syndicates for agricultural public works or the repair of natural disaster, discount or endorse the bills of the subordinate institutions. It may also make direct long-term loans to individual members of native provincial banks or to agricultural groups and associations, and may open accounts with the bank of issue and any public or private credit institutions in France or the Colony. Its funds will consist of any credits obtained in this way with or without State guarantee, together with advances from public sources and its own reserves. It is expected to finance its operation from the difference in interest between loans and borrowings, but may receive a subsidy for this purpose. Profits are placed to reserve. Sums not in use must be placed in a public credit institution. The Office is controlled by an administrative council consisting of representatives of the General Government, the financial and agricultural credit administration and the French agricultural mutual credit banks, with four representatives of the native banks nominated by the Governor. The council decides on applications for loans, the rate of interest

on deposits, etc. It also audits affiliated societies and may control the management of these.

In order to benefit by these provisions, agriculturists and their societies or local authorities must form themselves into either French or native agricultural mutual credit banks. There may be one native bank for each province and one French bank for each territory, they have civil personality, their object is to promote the agricultural operations of their members. Capital is derived from members' shares and must not be reduced below the foundation capital, nor in the case of a society borrowing from the central bank, below the level obtaining when the loan was granted. Shares cannot rise above par and may receive interest not exceeding 6 per cent. A bank must consist of at least seven individual or collective members whose shares are fully paid up. Other members may pay up one-tenth at a time. Proposals for the formation of a bank must be addressed to the local administrator and must submit rules dealing with, *inter alia*, the holding of general meetings, the election of committees and the liability of members, which may be limited or unlimited, together with their right to withdraw. In principle, however, members on withdrawal remain liable for all operations entered into during their membership. General meetings must be held annually, and a quarter of the members constitutes a quorum. Each society must have a supervisory committee, whose composition and powers are regulated by the Governor-General. Profits must be paid to reserve till the latter equals four times the share capital, when an allocation of three-quarters is sufficient. Annual returns must be made to the provincial administration for native and the local administration for French societies.

There may be affiliated to such banks (1) agricultural co-operative societies engaged in production, marketing, processing, storage or supply on behalf of their members, (2) syndicates

for drainage, irrigation, afforestation, etc., (3) agricultural associations or syndicates for the improvement of agriculture. Local banks may make loans to their members (1) short term up to eighteen months but renewable, the amount not to exceed that required for the operation stated, (2) medium-term loans for the purchase of land, live- and dead-stock, etc., up to a maximum of eight years and repayable by annuities. Demands for long-term loans, either individual or collective, must be passed on to the Central Office. Individual loans up to 5,000 piastres, may be for the purchase of a family farm or for buildings, either domestic or agricultural. Collective loans may be for purposes of agricultural improvement or the erection and management of plant. Such loans may be up to forty years repayable by annuities. Special advances to co-operative societies and syndicates and loans to local authorities to repair natural calamities may also be made through the local banks. They may also make payments and recoveries of an agricultural character on behalf of their members, discount their bills, receive deposits from individuals and corporate bodies, receive State advances, make authorised investments and realise property for which the mortgage has fallen in. Short-term loans of less than 2,000 piastres may be made on guarantee of two persons or on crop mortgage. Other loans must be secured by mortgage on real estate or the deposit of documents, reinforced, in the case of long-term loans, by a life insurance. Loans to communes must be secured by a resolution of the council making suitable budgetary provision or by joint and several guarantee of the principal persons of the commune. Loans to societies must be secured either by joint and several guarantee of the committee or by the deposit of documents or a mortgage on property.

Movement of funds between central and local banks are effected through the medium of the Treasury or the bank of issue. A higher commissioner of agricultural credit, constituted similarly

to the council of the Central Office, is set up to advise on the distribution of funds between French and native banks and between the different forms of credit and in general on the administration of credit. A similar council is set up in each territory. Banks are exempt from patent and revenue taxes and tax on buildings. Stamp duty is reduced. Certain French Agricultural Credit Acts are made applicable to Indo-China.

Decree creating an Indo-China Office for Mutual Agricultural Credit and controlling the organisation and working of mutual agricultural credit in Indo-China—May 20, 1933.

#### FRENCH OCEANIA

An Act of December, 1933, creates an autonomous public Central Agricultural Credit Bank for French Oceania. It is administered by a Council consisting of representatives of Government departments, together with two French and two native agriculturists. These persons are appointed for a period of four years. Representatives of local banks will be introduced as soon as three of these have been formed. The resources of the bank are derived from the agricultural credit fund which it administers, from loans and subsidies of the local administration, from deposits and from the profits of its operations. The agricultural credit fund is itself derived from certain sums payable by the Bank of Indo-China, from State subsidies and from the repayment of loans. The bank is empowered to make loans to individuals and associations for the promotion of agriculture. On the formation of local banks, the bank will make possible short- and medium-term loans through these banks, and will make long-term loans to their affiliated associations. In addition, it may make payments and recoveries on behalf of the local banks, and advance working capital to them. The bank may invest surplus funds in the Treasury, the bank of issue or the savings bank, discount bills and secure advances from the bank of issue, borrow with



the consent of the Governor, receive deposits and open current accounts. The total amount of deposits will be fixed by the Governor and must not exceed the liquid resources of the bank. The bank operates by means of a current account with the Treasury. All repayments of loans are repaid annually to the agricultural credit fund, together with the interest on medium- and long-term loans.

Those who may receive loans from the central bank are (1) French societies for agriculture and stock-breeding, general agricultural associations, agricultural co-operative societies and agricultural insurance societies; (2) agriculturists who are French citizens or subjects and members of one of the foregoing associations acting through a local bank. Loans may be (1) short-term loans for the period of a single operation not exceeding one year, (2) medium-term loans for the purchase of live- and dead-stock, improvements, etc., up to five years, repayable by annuities, (3) long-term loans for the acquisition of land or buildings, irrigation, drainage, etc.; (4) collective loans to agricultural co-operative societies and others. Short-term loans are secured on bills which can be discounted at the bank of issue. Medium-term loans are concluded by special undertakings on the security of joint and several liability, mortgage, deposition of documents, etc. The rate of interest on short- and medium-term loans is fixed by order of the Governor, but may not exceed 1 per cent. above the discount rate of the bank of issue. Individual long-term loans may not exceed 100,000 francs, and are repayable in equal annuities over a period not exceeding fifteen years. Interest is fixed by the Governor but may not exceed 1 per cent. below the bank rate nor fall below 3 per cent. Loans must be secured on mortgage or similar security. Long-term collective loans may be up to fifteen years or, for reafforestation, thirty years. They are repayable by annuities. Security is fixed by the Governor. All long-term loans are the subject of

a special contract. Loans to co-operative societies may not exceed four times their paid-up capital.

Local agricultural mutual credit banks may be formed by French citizens or by natives who are French subjects. Membership is open to agricultural associations, agricultural co-operative societies and agricultural insurance societies and their members. Local banks enjoy civil personality. Their object is to promote agricultural operations. Capital is derived from shares, which may be transferred only with the consent of the society. It may not be reduced below foundation capital nor below the sum obtaining when a loan was received from the central bank. The duration of banks is unlimited. They must consist of at least seven members who have paid up at least a quarter of the subscribed capital. Banks make annual returns. The rules determine the extent and nature of the banks' operations, composition of capital, liability of members (which continues after their withdrawal, until the liabilities undertaken during their membership are liquidated, or for a maximum period of five years), rate of interest on shares, which must not exceed 6 per cent. or the rate on short- and medium-term loans, etc. Members of the administrative council must be French subjects or citizens. In the case of native societies, a Government official acts as chairman and, in French societies, as adviser. Local banks may make short-term loans to members by means of bills which they discount with the central bank. Application for medium-term loans must be referred to the central bank, from which the necessary funds are obtainable. Applications for long-term loans are considered and referred to the central bank for direct treatment. Local banks may undertake all payments on behalf of their members. Surplus funds must be placed with the Treasury or the central bank. Funds derived from the central bank are secured on the shares and reserves of the local bank. Local banks have a lien on the shares of a defaulting

member. Three-quarters of surplus must be placed to reserve till the latter is double the share capital, when the proportion may be reduced to half. The reserve must not be impaired except by resolution approved by the Governor. On dissolution, any surplus must be applied to some purpose of public interest. Local banks are co-operative societies. Other agricultural co-operative societies and similar institutions should affiliate to the bank in their district.

The Governor may authorise the formation of associations of agriculturists and stock-breeders for purposes of study and defence, for the purchase of supplies, the preparation and marketing of produce, agricultural improvements, either individual or collective, and the joint use of machinery. Such associations enjoy civil personality but may not own real estate except the buildings necessary to their operations. Societies draw up their own rules with the approval of the Governor. Liability is the same as for local banks except that the five-year limit ceases to operate in the case of loans from the credit bank. The number of foundation members may not be less than seven. The administrative council must be composed of French citizens or subjects. Societies may obtain short-, medium- or long-term loans from credit banks, provided they give the joint and several guarantee of all their members, have unpaid officials and do not make commercial profits.

Agricultural co-operative societies affiliated to credit banks may be formed for the production, processing and marketing of their members' produce, for the acquisition of suitable plant, and the purchase of supplies. They enjoy civil personality and are admitted to State competitions, markets, etc. Rules must be approved by the Governor. Capital must be formed from shares subscribed by members whose principal resources are derived from some branch of agriculture or allied handicrafts. Shares cannot rise above par. Interest is limited to 6 per cent. and

surplus, after suitable allocations to reserve, depreciation, etc., must be distributed as bonus on business done. Agricultural insurance societies for fire, tempest and death of livestock, may be formed on the same lines as agricultural associations. They may reassure with societies in France or other French colonies. General agricultural associations of landowners may be formed for purposes of irrigation, drainage, road-making, electrification, etc.

The central bank undertakes auditing and control of the organisations which have borrowed from it.

Decree concerning the organisation of agricultural mutual credit in the French establishments of Oceania—December 13, 1932.

#### NEW CALEDONIA AND DEPENDENCIES

A decree of December, 1932, authorises the formation of an Agricultural Mutual Credit Bank, membership in which is open to syndicates of agriculturists and stock-breeders, mutual agricultural insurance societies, agricultural co-operative societies and landowners' syndicates, also to French citizens or subjects and French agricultural companies who are members of the above organisations. The bank enjoys civil personality. Its object is to promote agricultural and pastoral production. Capital is variable; it consists of shares of 200 francs subscribed by members. Shares remain at par and cannot be transferred without the consent of the society. Each share entitles the holder to borrow up to 15,000 francs, but an additional share must be taken up for each further 5,000 francs. The bank must consist of at least seven members, whose shares are fully paid up. Duration is unlimited. Capital may not fall below the level obtaining at formation. Annual returns must be made to the Court of First Instance and the Secretary-General of the Colony. The bank may make loans, (a) short term to members for the period of a single agricultural operation not exceeding one year and on

security of crops, loans to be made through discounts of bills; (b) medium term to all members except agricultural syndicates, for the purchase of live- and dead-stock, erection of buildings, etc., up to five years (occasionally ten), repayable by annuities and secured by joint and several guarantee, mortgage, deposition of documents, etc., by means of a special contract Interest on short- or medium-term loans not to be below that on share capital or more than 1 per cent above the bank rate, (c) long-term loans to individuals for the acquisition of a family farm, buildings, irrigation, afforestation, etc., or the initiation of agricultural industries, loans not to exceed 50,000 francs, repayable by annuities, beginning with the third year and completed with the fifteenth; rate of interest between 3 per cent. and 1 per cent. below the bank rate, or in exceptional cases 1 per cent. for ex-servicemen and 2 per cent. for certain classes who have received State agricultural training, loans may be secured on mortgage of real estate up to two-thirds of its value, supplementary security such as life assurance, deposition of documents, etc., being in some cases required, loans are only made to actual cultivators and are the subject of special contracts, which state, among other things, the purpose of the loan; (d) long-term loans to agricultural co-operative societies and landowners' syndicates up to fifteen or, exceptionally, thirty years, at interest between 3 per cent. and 1 per cent. below the bank rate and on terms similar to those for individual long-term loans; the total loans may not exceed six times the paid-up capital of the co-operative society borrowing, and must be proportionate to the undertaking for which it was obtained The bank may also undertake payments and recoveries on behalf of its members, discount bills with the local bank of issue, borrow on documents, with the consent of the Consultative Commission of Credit, Mutual Aid and Agricultural Co-operation, and the Governor, invest in the Treasury, the savings bank, or other suitable institutions, acquire

premises, receive State advances free of interest and accept deposits from the public and its own members. All repayments of loans, together with interest, must be paid annually by the bank into the Agricultural Credit Fund of the Treasury.

Rules are drawn up, with the approval of the Governor, which fix the scope and character of the bank's operations, the method of accumulating capital and accepting deposits, members' liability and the administration of the bank. Interest on shares may not exceed 6 per cent. Deposits at call or short notice must not exceed the liquid assets of the bank. Liability extends after a member's withdrawal until the liquidation of all liabilities undertaken during his membership, but with a maximum of five years. The members of the administrative council must be French citizens or subjects. A commissioner is appointed by the Governor to take part in the meetings of the council as well as a technical adviser, and the director of the bank is also appointed by the Governor on the advice of the council. The bank has a lien on the shares of the members in default. At least three-quarters of net profits are allocated to reserve till the latter equals double the share capital. The reserve cannot be drawn on without the consent of the Governor. If the bank has received State loans or subsidies any surplus remaining after dissolution must be used for some public purpose. The bank is regarded as a co-operative society.

Agricultural syndicates may borrow at short term from the bank on joint and several guarantee, mortgage, deposition of documents, etc. Local agricultural mutual insurance societies may be formed and may set up a central reinsurance society for the usual agricultural risks. They are eligible for subsidies to cover initial expenses and in the case of exceptional losses. They may reinsure with reinsurance societies in France or Algeria. They may become members of the Credit Bank provided their officials are unpaid, and they or their members may obtain

short- or medium-term loans. They must deposit their surplus funds with the Credit Bank, the Treasury or the local bank of issue. Agricultural co-operatives may be formed for the production, processing and marketing of their members' produce, the construction of agricultural plant or the purchase of agricultural supplies, and may borrow from the Credit Bank. They enjoy civil personality and are admitted to State competitions, fairs, etc. Their rules must be submitted to the bank and must specify their objects, method of administration and holding of general meetings, number of votes exercised by each member, not exceeding ten, formation of capital and liability of members. Shares must remain at par and be held only by agriculturists. The rate of interest may not exceed 6 per cent., profits, after suitable allocation to reserve, may only be distributed among members in proportion to business done with the society. At least 40 per cent. of net profits must be paid to reserve till it equals share capital, as a guarantee of the repayment of advances from the credit bank, these are also secured by the joint and several guarantee of the members. In the event of liquidation, any surplus must be applied to some public purpose. Land-owners may also form syndicates for purposes of drainage, irrigation, etc.

The Colony, on the decision of the Governor, may make advances without interest to the Credit Bank for the purpose of long-, medium- and short-term credit. The Colony has a lien on the capital and resources of the bank. Advances for short-term loans are for a maximum of five years, but are renewable. They may not exceed four times the paid-up capital of the bank. Loans for medium-term credit may not exceed six times the paid-up capital of the bank and are for a maximum of six years. Advances for long-term loans are granted, as seems desirable, by means of a credit on the Agricultural Credit Fund opened annually. They are repayable in sixteen years except

in the case of loans to co-operative societies and landowners' syndicates for purposes of afforestation, irrigation, etc., when the period may be extended to thirty-one years.

The Agricultural Credit Fund placed at the disposal of the Colony is derived from an advance without interest from the Bank of Indo-China, and the whole or a fraction of the dues payable by the Bank of Indo-China on its fiduciary issue and the current accounts of its creditors. It also receives any State subsidies and the repayments of the Agricultural Mutual Credit Bank. It is the channel through which pass Government advances to the Credit Bank. Such advances are authorised by the Governor on the advice of the Consultative Commissioner of Agricultural Credit, Mutual Aid and Co-operation, which is composed of officials of the Government departments interested, with one representative of the agricultural co-operative or insurance societies. The Credit Bank undertakes auditing and control of the societies which have borrowed from it.

Decree concerning the organisation and working of credit, mutual societies and agricultural co-operation in New Caledonia and Dependencies—December 13, 1932.

#### IVORY COAST

Order applying the decree of June 26, 1931, on agricultural mutual credit—September 30, 1931.

#### FRENCH GUINEA

Order applying the decree of June 26, 1931, on agricultural mutual credit—September 30, 1931.

Order regulating the conditions of applying the above order—September 30, 1931.

#### SENEGAL

Order applying the decree of June 26, 1931, on agricultural mutual credit—July 21, 1931.



## GERMANY

A law of July, 1933, declares that all competence to re-organise agriculture rests with Federal government. Pending new legislation by the Federal Minister of Agriculture, existing legislation remains in force. Minister may invite collaboration of public agricultural corporations, agricultural professional associations, agricultural co-operative societies and representatives of rural commerce in drafting schemes. In September a fresh law gave the Minister of Agriculture full powers over German agriculture, including horticulture, forestry and fisheries, the agricultural co-operative movement, agricultural merchants and the processing of agricultural produce. The Minister is empowered to regulate production, marketing, prices and price margins for agricultural products in general or for any group and including those products which have been already processed. In order to carry out such regulations it may amalgamate existing institutions. Under the powers conferred by this Act, a new national peasant estate was set up with four sections, of which the co-operative movement constituted one, the others being formed by the peasants' political and cultural organisations, the Chambers and Councils of Agriculture and the agricultural merchants' and producers' organisations.

By law of November, co-operative dividend after January, 1934, is limited to 3 per cent. The use of savings stamps may not depend on purchase of over 50 RM., nor may dividend be restricted to certain classes of customers. Various laws have been enacted concerning the accounts and the winding up of societies, including powers to increase shares and liability.

Presidential Order concerning the German Central Co-operative Bank and co-operative auditing—October 21, 1932

Law concerning the new election of members to the Committee of the German Central Co-operative Bank—April 22, 1933.

Law amending the law on industrial and economic Co-operative Societies—May 18, 1933.

Order concerning the accounts of Co-operative Societies—May 30, 1933.

Law concerning the reorganisation of agriculture—July 19, 1933

Law amending the Co-operative Law—July 20, 1933.

Law concerning the reorganisation of the national food supply and measure for market and price regulation of agricultural produce—September 13, 1933

Law concerning co-operative dividend—November 14, 1933

## GREECE

A law of 1931 establishes a central bank for agricultural insurance, including hail, frost and livestock. The central bank may effect insurances either direct or through local insurance societies. The distribution of assets or the dissolution of a mutual insurance society is modified by the law and compulsory insurance of fig producers in the Peloponese is introduced.

Law concerning the Association of Lemon Producers—March 5, 1931.

Law sanctioning the convention between the Greek Government, the National Bank of Greece and the Agricultural Bank of Greece, concerning purchases of cereals—April 15, 1931.

Law completing the law on the autonomous organisation of agricultural credit in Corfu—July 8, 1931.

Law sanctioning the convention of April 30, 1931, modifying the constitution of the Agricultural Bank—July 8, 1931.

Law amending and codifying measures regarding Agricultural Banks—July 10, 1931.

Law completing the law sanctioning the decree of November 13, 1927, establishing a Central Bank for Hail and Frost Insurance—July 29, 1931.

## HUNGARY

Act respecting the State Co-operative Credit Society for the erection of dwellings—December 5, 1930.

Ordinance aiming at increasing the economic return of companies,

Co-operative Societies and certain enterprises of a public character—April 29, 1933.

Ordinance designating the authority responsible for dealing with infractions of the above ordinance—May 2, 1933.

## ICELAND

A Co-operative Act was passed in 1921. It provides for "all associations conducting business on a co-operative basis with the object of furthering the prosperity of their members in proportion to their participation in the activities of the association". The objects of societies are stated to be (1) the purchase of members' domestic and other supplies as direct from the producers as possible; (2) the sale of members' agricultural and other produce and the raising of its quality especially in connection with State regulations, as in the case of slaughterhouses, dairies, etc.; (3) education, housing, industrial production and the procuring of loans for the latter purpose.

Membership is open, liability is unlimited except in the case of sale and purchase societies. Each member has one vote. There must be an annual allocation from profits to reserve amounting to not less than 1 per cent. of turnover. Remaining profits are distributed in proportion to business done with the society, but a proportion shall be placed to members' share account. Profits from non-members' trade are placed to reserve or used for social purposes. Interest on members' shares and deposits shall not exceed  $1\frac{1}{2}$  per cent. above the deposit rate of the bank. Interest on deposits shall be added annually to capital. On liquidation, assets are not distributed, but are retained and used for the formation of another society with similar objects in the same district.

Societies are formed as a result of a district meeting at which fifteen members draw up and subscribe to rules. Rules establish the name and object of the society, admission and withdrawal of

members, constitution and powers of the committee and the general meeting, liability, method of obtaining loans, preparation of accounts, audit, winding up, etc. Liability of members or the estates of deceased members extends for two years after withdrawal or death. The minimum entrance fee is 10 kronur and there is an annual subscription of share capital of not less than 3 per cent. of the members' total purchases in consumers' societies. If a member has discharged all liabilities to the society shares may be repaid on the death, removal from the district or bankruptcy of a member or on his becoming dependent on poor relief. If his share exceeds his average annual purchases, the difference may be paid out to him after he has been a member for fifteen years. Societies with unlimited liability may accept deposits from members for use as trading capital. Societies with a trading licence may do business with non-members and open several branches in the same town. Societies may federate or amalgamate. Societies pay municipal taxes on real estate, tax on business with non-members on the same scale as private traders, rates up to 2 per cent. on buildings, exclusive of those used for charitable or educational purposes, and national taxes as laid down by common law.

Act concerning Co-operative Societies—June 27, 1921.

Act amending the Act on Co-operative Societies—May 19, 1930.

Act concerning Co-operative Building Societies—June 23, 1932.

Act amending the Act on Co-operative Building Societies—June 19, 1933.

## ITALY

The National Institute of Co-operation was established in 1926. After much ambiguous legislation, the National Council of Corporations, acceding to the wishes of the societies and the Institute, abandoned the project of incorporating the federations

in a new National Confederation or in their "functional" confederations, that is, together with private undertakings handling the same commodity, etc., as previously intended, and in 1931 converted the National Institute into a Union of Federations, themselves remaining autonomous units under the Minister of Corporations. Some of the regulations intended to enforce official control of the Co-operative Movement are laid down in a law of 1930. Societies must deposit rules and other particulars at the Ministry of Corporations on their formation. The Minister of Corporations has power to inspect societies, to dissolve administrative committees and to replace liquidators. The Minister may also appoint commissioners to control societies who shall have the powers of a general meeting. All expenses of such intervention shall be met by the society. Societies which have been inactive and which have made no returns for two years may be dissolved. During the year following the passing of this law, all societies, whether legally constituted or not, must make returns of their constitution and activity. Provisions regarding liquidators and commissioners do not apply to collective societies for agricultural credit or to building societies receiving a State subsidy.

Proposed co-operative wine cellars, dairies, cheese factories, etc., may be declared public utilities by the provincial prefect and receive corresponding privileges. Certain financial aid from the State is also available for wine-making and allied societies.

Decree-law concerning Co-operative Insurance Societies—April 29, 1923.

Decree-law concerning the constitution of National Federations of co-operatives—April 3, 1926.

Decree-law concerning the status and respective corporational functions of Co-operative Federations and the National Corporational Institute—April 21, 1927.

Decree-law making regulation for the purpose of rendering Government control of Co-operative Societies more effective—December 11, 1930

Law making free State advances to special Agricultural Credit institutions—December 29, 1930

Law providing for the construction of wine cellars and other co-operative institutions for agricultural production—December 29, 1930

Law providing for the establishment of co-operative wine cellars and enological institutions—January 6, 1931.

Decree-law amending the National Institute laws of December 30, 1926, and April 21, 1927, and providing for representation of the National Federation and for compulsory contributions of societies, excepting Credit and Insurance Societies—April 16, 1931.

Decree-law on the concentration of social enterprises—November 13, 1931.

Decree of the Head of the Government to set up within the National Council of Corporations a special standing committee for labour legislation, relief, social welfare and co-operation—December 10, 1932.

## JAPAN

A law of 1931 provides for the formation of societies for all processes in the production of silk from the breeding of silkworms to the export of silk. Such societies enjoy legal personality. They have as their object the general progress of sericulture and may not make profits. They have rights of inspection and control over the undertakings of their members, and may accept affiliated local societies with the same objects as well as co-operative societies and their federations. Each member has one vote, except for a few special cases. Associations for promoting co-operative spinning of silk find a special place in the law and are expected to form a national federation. The organisation is crowned by the Central Sericultural Union of Japan.

Imperial Ordinance amending the Ordinance of 1917 concerning the administration of the special reserve fund for the repayment of deposits in accordance with the law on Co-operative Societies—January 27, 1931.

Law amending the law on Exporting Associations—March 31, 1931.

Law amending the law on popular life insurance—March 31, 1931.

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Law amending the law on Savings Banks—March 31, 1931.

Law concerning "Mujin" Mutual Credit—March 31, 1931.

Law amending the law on Industrial Associations exporting principal products—April 1, 1931.

Law amending the law on the Central Co-operative Bank—May 22, 1931.

Law on Silk Growing Societies—March 28, 1931.

Order amending the ordinance on popular life insurance—June 19, 1931.

Order amending the rules of application of the law on Savings Banks—June 20, 1931.

Imperial Ordinance fixing the date for the coming into force of the amending law on associations for export—June 26, 1931

Imperial Ordinance fixing the date for the coming into force of the amending laws on Industrial Associations exporting principal products—June 20, 1931

Imperial Ordinance issuing instructions concerning the above law—June 26, 1931

Order amending the law on "Mujin" Credit Societies—June 27, 1931

Order conferring on local authorities certain powers in connection with "Mujin" Credit Societies—June 27, 1931

Order of the Minister of Finance concerning the application of the law on "Mujin" Credit Societies—June 29, 1931

Decrees concerning the law on Industrial Associations for the export of principal products—June 29, 1931

Order concerning the application of the law on exporting associations—June 29, 1931.

Order concerning Silk Growing Associations—July 10, 1931.

Order concerning Mutual Insurance Societies and Exporting Associations—July 16, 1931

Order concerning the registration of Exporting Associations—July 16, 1931.

Order concerning the registration of Industrial Associations for the export of principal products—July 16, 1931.

Order modifying sundry laws on Agricultural and other Banks—July 17, 1931

Decree amending instructions concerning "Mujin" Credit Societies—July 18, 1931.

Order modifying the rules concerning popular life insurance—August 18, 1931.

Law amending the law on Agricultural Associations—October 9, 1931

Imperial Ordinance concerning appeals under the law of Agricultural Associations—October 9, 1931

Order concerning the registration of Pasture Societies—October 24, 1931.

#### KOREA

Order amending the rules for the control of popular Credit Associations—October 27, 1930.

Order further amending the control of popular Credit Associations—December 3, 1930

Law concerning the granting of subsidies to Fishing Societies—May 4, 1931.

Ordinance concerning Mutual Credit Societies—June 9, 1931

Ordinance amending the law on Fiduciary Societies—June 9, 1931.

Ordinance amending the order on Popular Credit Societies—June 9, 1931

Order concerning agricultural warehouses in Korea (with orders applying to same)—July 17, 1931.

Order amending the ordinance on "Mujin" Mutual Credit Societies in Korea—July 25, 1931

Order making rules for the application of the ordinance on "Mujin" Mutual Credit Societies—July 25, 1931

Ordinance amending the ordinance on popular life insurance in Korea—September 26, 1931.

#### KWANTUNG

Order amending the order on Popular Credit Associations in Kwantung and the area of the South Manchurian Railway—March 5, 1931

Order amending the rules concerning the application of the order on "Mujin" Credit Societies—June 30, 1931.

#### FORMOSA

Order amending the order of 1921 on associations for irrigation—March 29, 1931.

Order applying the law on "Mujin" Credit Societies to Formosa—June 27, 1931.

Order applying to Formosa the law on Savings Banks—July 15, 1931.



# KARAFUTO

Order applying to Karafuto the law on "Mujin" Credit Societies—June 27, 1931.

Order making rules for the application of the law on Mutual Credit Societies—March 28, 1931

Law making rules for the application of the law on "Mujin" Credit Societies—July 1, 1931.

# LATVIA

Act amending the Act regarding the auditing of Co-operative Societies—February 17, 1932.

Act amending the Act regarding Co-operative Societies and their unions—January 20, 1933

Act making additions to the Act regarding Co-operative Societies and their unions—April 28, 1933.

Instructions for applying the above Act—July 11, 1933

# LITHUANIA

Act amending the Act on Co-operative Societies and their federations—March 23, 1932

# MEXICO

Decree authorising the Federal Executive to remit the debts of peasants and members of "ejidos" who have bought machines from the Ministry of Agriculture—December 12, 1930.

Decree modifying the law on Credit and Banking Institutions—December 17, 1930.

Decree allowing the Federal Executive to amend the law on Co-operative Societies—January 19, 1931

Decree modifying the banking law regarding deposits—March 3, 1931

Decree concerning the order of July 22, 1930, declaring that the exploitation of the resin "chicle" should be carried on by Co-operative Societies—March 19, 1931

Decree providing that the exploitation of "Lechuguilla" should be carried on by Co-operative Societies—March 29, 1931.

Law amending the law of August 28, 1925, establishing the Bank of Mexico—July 25, 1931.

Decree authorising the Executive to promulgate the Act to amend the Co-operative Societies Act and the Act to establish a National Export Board—December 31, 1931

General Act respecting Co-operative Societies—May 12, 1933

## NORWAY

Norwegian agricultural business has in the last few years undergone extensive reorganisation on co-operative lines and with the backing of the State. This process was initiated in 1930 with the establishment of a National Marketing Board with powers of investigation and advice, and was followed up in 1931 by an Act authorising the Government to make levies on agricultural produce, and in 1932 by an Act empowering the Government to issue orders controlling the quantity of agricultural produce imported, exported or offered for sale. (The working of these Acts is described in an earlier section of the *Year Book*.) By a recent Act the Norwegian Parliament has imposed a tax—stated to be only temporary—on the income of co-operative societies, including dividend on purchases.

Act for promoting the sale of Norwegian agricultural products—June 6, 1930

Act amending the above Act—June 24, 1931

Act empowering the Government to control the quantity of agricultural produce imported, exported, or offered for sale—1932.

Law imposing a temporary tax on Co-operative Societies—June 22, 1933.

## POLAND

A law of 1928 makes clear the position of co-operative societies undertaking banking. With the exception of co-operative

credit societies, no co-operative organisation may undertake banking business, other than the acceptance of members' deposits, or use the title "bank" without permit from the Master of Finance. Certain rules are laid down for the conduct of banking operations, and societies must have at least fifty members and be affiliated to an auditing union. Banks for short-term credit may not engage in trade on their own account, nor become the owners of real estate other than their own business premises. The granting of certain types of loans is only permitted with the consent of the supervisory committee. Co-operative Credit Societies may carry on practically all forms of banking business, with the exception of business on the Stock Exchange, without special authorisation. Other activities may be carried on with the permission of the Minister of Finance and by societies affiliated to an auditing union. All societies undertaking banking are placed under the supervision of the Minister of Finance. Banks must be liquidated if foundation capital is allowed to fall below half. In order to deal in foreign exchange and undertake other branches of advanced banking, societies must have a certain membership and capital.

Bank Law—March 17, 1928.

## RUMANIA

Law authorising the participation of the State to the extent of 250 million lei in the capital of the Central Co-operative Bank—March 14, 1931.

Law amending the law of August 20, 1930, on rural land credit and agricultural credit—March 18, 1931

Royal Decree to approve the regulations under the Act to establish an Institute of Accountants and officials of Rumanian Co-operative Societies—December 20, 1932

Law amending the Co-operative Law—April 6, 1933

Royal Decree regulations for the application of the co-operative law as amended—June 23, 1933.

## SPAIN

Order respecting cheap housing Co-operative Societies—July 20, 1931.

Order extending the period during which associations and groups of producers may apply for registration on the Electoral Census of Producers—August 8, 1931

Decree regulating official syndicates of producers exporting wine, brandy and liqueurs and their regional and national federations—December 4, 1931

Decree authorising co-operative societies of public employees to amend their rules in order to sell to the public—April 7, 1932

Order approving regulations for the Maritime Social Welfare Institution—May 16, 1932

## SWEDEN

An extensive reorganisation of Swedish agricultural business on co-operative lines and with State backing has taken place in the last few years. This is described at greater length in another section of the *Year Book*. Credit reorganisation was based on a decree of July 3, 1930, the title of which was noted in the *Digest of Co-operative Law*, and a decree of February 13, 1931, the latter providing for a State subsidy to meet the cost of administering agricultural credit banks extending over five years on a diminishing scale. The reorganisation of the Swedish Farmers National Federation, a co-operative institution commanding certain facilities in the way of State credits, also dates from 1930. The facilities offered to societies erecting grain elevators have already been noted. In 1932 these facilities were extended to requirements societies even where no contract existed between them and their members. The reorganisation of the dairy industry was made possible by an Act of 1932 establishing a levy on all milk sold, to be used for purposes of price equalisation. A National Milk Board was set up, but administration remained

in co-operative hands. In 1933 the levy was raised. Legislation on the pig industry is said to be pending.

Royal Order concerning a State subsidy for the administration of Agricultural Credit Banks—February 13, 1931.

Order regarding State loans for the construction of elevators—1932.

Law providing for a levy on sales of milk—June 30, 1932.

Law amending the law on a milk levy—July 1, 1933.

## UNION OF SOCIALIST SOVIET REPUBLICS

The Central Executive Committee and the Council of People's Commissaries of the Soviet Union published on July 23, 1932, an Order providing for the reorganisation of the craftsmen's societies.

The Order provides for the abolition of several higher organs of the co-operative system and the simplification of the whole administrative organisation. The Council of Craftsmen's Co-operative Societies of the Soviet Union and the Co-operative Councils of the various republics will in future be concerned only with planning and general supervision. The management of the economic activities of the societies will be conducted by the provincial federations. The societies will in future have more economic independence than hitherto.

The co-operative societies will now have the right to obtain their own supplies of raw materials, with the exception of leather and textile raw materials, which they may only obtain under a special permit from the Committee of Supply attached to the Labour and Defence Council. They may also conclude contracts with industrial undertakings for the acquisition of scrap to be utilised in handicrafts.

Products manufactured from the raw materials which the co-operative societies have obtained for themselves may be sold directly on the markets and in the shops at market prices. Severe

measures must, however, be taken to ensure that private speculators do not meddle with the trade of co-operative societies.

Craftsmen's co-operative societies will no longer be required to deliver all or part of their produce to the State. In future, State institutions will place their orders by means of contracts concluded with the federations of co-operative societies or with the societies directly. If the raw materials utilised for the execution of these contracts are supplied by the State, the prices of the products will be fixed by the Labour and Defence Council.

Each society will have full control of its capital and will have the right to obtain bank credits directly. The amount of the deductions from profits made either for cultural purposes or for the maintenance of higher co-operative organisations will be in future fixed by the representatives of societies and federations, the amount must be considerably reduced.

The production of articles for current consumption must be developed as far as possible, account being taken of the needs of the rural population. In 1933 the value of these articles must amount to 70 per cent of the total production of craftsmen's co-operative societies, the present proportion being about 30 per cent.

Special attention must be paid to the production of articles for export. The societies will also give their assistance to isolated craftsmen by concluding contracts with them for the supply of the materials they require and the disposal of their products.

The facilities granted to the craftsmen's movement by this Order were extended to the disabled men's co-operative movement by an Order of August 17, 1932.

#### U S S R.

Order on the admission of minors from 14 to 16 as members of consumers' co-operative societies and on their entrance subscriptions—1931.

Order concerning craftsmen's co-operation—January 6, 1931.

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Order concerning handicrafts and craftsmen's co-operation—June 28, 1931

Order respecting out-work on collective farms—June 30, 1931

Order respecting craftsmen's co-operation—February 26, 1932.

Order respecting the work of craftsmen's co-operative societies in districts of complete collectivisation—July 23, 1932.

Order providing for the reorganisation of craftsmen's Co-operative Societies—July 23, 1932.

Order on the altered position of craftsmen's co-operation—August 17, 1932.

Order on the reorganisation of work and the formation of Co-operative Societies of disabled men—October 27, 1932.

Order on the position of the All-Russian Council of Craftsmen's Co-operation—August 10, 1933.

Order on the liquidation of hunters' co-operative Societies and on integral co-operation—August 17, 1933

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Order regarding privileges for members of Industrial Co-operative Artels—August 20, 1931.

## UNITED STATES OF AMERICA

The Agricultural Adjustment Act of May 12 created a Farm Credit Administration for the merging of existing farm credit agencies, and authorised the Government to issue a loan of 2,000 million dollars for refinancing farm mortgage debts and a further emergency loan of 120 million dollars for financing present crop and livestock production. While providing for immediate relief of bankrupt farmers, the Act also grants to the Secretary of Agriculture powers by which an attempt is to be made to establish a balance between production and consumption of cotton, wheat, corn, hogs, dairy products, tobacco, rice and beet and cane sugar, and to re-establish the relation which existed, in certain periods chosen as basic, between the prices of farm products and those of manufactured goods. These powers include the right to limit acreage with certain compensation to

farmers which is to be paid for by a tax on the "processing" of farm products, to make such "option contracts" with cotton producers who agree to reduce their production as will have the effect of putting potentially surplus cotton in a Government-controlled pool, to issue licences to "processors" and associations of producers agreeing to avoid unfair practices, and to enter into marketing agreements with associations of producers, processors, or others engaged in handling agricultural products. This same Act conferred authority on the President to initiate inflation of prices by devaluating the dollar and issuing paper money.

A month later the Farm Credit Act was passed which authorised the Governor of the Farm Credit Administration to set up 12 Production Credit Corporations and 12 banks for co-operatives, to be managed by the existing Federal Land Banks. The capital, divided in shares of \$100, of each Production Credit Corporation, is to be fixed by the Governor in accordance with local needs. The initial capital in each case shall be \$7,500,000, held by the Governor on behalf of the United States. All payments on this capital shall be derived from a revolving fund of not more than \$120,000,000, made available by the Reconstruction Finance Corporation from moneys allocated to agricultural purposes. Production Credit Corporations are authorised to invest in the A stock of production credit corporations, which are authorised to make loans up to five times the amount of such stock, which shall not be less than \$5,000. They may also invest up to 75 per cent. of the capital in production credit associations not registered under the Act, provided these are controlled by a co-operative society. Any profit from such investments shall go to form a reserve up to 25 per cent. of capital, any further profits shall go into the revolving fund.

Production credit associations may be formed by 10 or more farmers. Stock shall be divided into \$5 shares, Class A, held by



the Production Credit Corporations and the public, and Class B, by farmer borrowers and prospective borrowers. Class B shares may only be transferred to borrowers or prospective borrowers. Any holder two years after he has ceased to borrow must exchange his Class B for Class A stock. Dividend is paid alike to both classes, but dividend on Class B may be used for the reduction of a holder's indebtedness. While the Production Credit Corporation is a holder of stock, it has a controlling voice in the appointment of officers and committee. All by-laws, including the method of electing committee, territory covered, maximum amount of loan, etc., are controlled by the Governor. Profits are allocated to various reserves, including a guaranty fund equal to 25 per cent of the capital, any surplus being distributed in dividends not exceeding 7 per cent. The funds of associations, excluding the guaranty fund, shall be used for loans to farmers for agricultural purposes on terms prescribed by the Production Credit Corporation. Loans shall not be less than \$50, nor shall one borrower receive more than 20 per cent. of the capital and guaranty fund or 50 per cent. of that secured by collateral or with the consent of the Farm Credit Administration. Borrowers must hold B shares to the extent of 5 per cent. of the loan. Associations may borrow from Intermediate Credit but not from other banks.

A Central Bank for Co-operatives is to be set up with seven directors appointed by the Governor, the chairman being the Co-operative Bank Commissioner of the Farm Credit Administration. Three shall be replaced by directors appointed from nominees selected by borrowers other than banks for co-operatives. Capital shall be divided into \$100 shares, and derived from the revolving fund created by the Agricultural Marketing Act. The bank is authorised to lend to co-operative associations as defined by the Agricultural Marketing Act. Associations borrowing must hold shares to the value of \$100 per \$2,000 or fraction

thereof of the loan. This shall be cancelled on repayment of the loan. This may be replaced by payment to a guaranty fund if the law makes a share payment difficult. Profits of the bank shall be devoted to maintenance capital and guaranty funds, and at least 25 per cent. of the remainder to the formation of a reserve equal to 25 per cent. of the other funds. Further profits may be allocated to dividend not exceeding 7 per cent. The central bank may issue debentures up to five times its paid-up capital and surplus. Banks for co-operatives shall be provided with such capital as seems necessary for the needs of their district, derived from the revolving fund created by the Agricultural Marketing Act. Provisions regarding shareholding and borrowers' profits and reserves are the same as for the central bank. Banks are authorised to make loans to co-operative associations, as provided in the Agricultural Marketing Act. This Act is amended so as to exclude investigation into over-production, the formation of clearing-house associations, education for co-operation, fresh loans (not renewals) to facilitate higher initial payments for crops, etc., and participation in price insurance agreements. The purpose of loans is stated to be "the effective merchandising of agricultural commodities" and "the construction or acquisition . . . or refinancing" of plant or premises for such purposes, including processing. Loans for the latter purpose are limited to 60 per cent. of the value of the property. The rate of interest on loans must be between 3 per cent. and 6 per cent. and marketing credits are usually to be at 1 per cent. above the Federal Intermediate Credit Bank discount rate. A useful definition of co-operation is introduced.

"As used in this Act the term 'Co-operative Association' means any association in which farmers act together in collectively processing, preparing for market, handling and/or marketing the farm products of persons so engaged and also means any association in which farmers act together in col-

lectively purchasing, testing, grading and/or processing their farm supplies: provided, however, that such associations are operated for the mutual benefit of the members thereof as such producers or purchasers and conform to one or both of the following requirements:

"First. That no member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein, and

"Second. That the association does not pay dividends on stock or membership capital in excess of 8 per centum per annum.

"And in any case the following

"Third. That the association shall not deal in the products of or supplies for non-members to an amount greater in value than such as are handled by it for members."

The institutions set up under the Act receive corporate powers. They are to be examined annually by examiners appointed by the Governor. They may be designated as fiscal agents of the United States Government. Their funds in every form shall be exempt from all present or future local and national taxes (except surtax, estate, inheritance and gift taxes) so long as they retain stock held by the United States. Regional institutions may be liquidated on default or may liquidate voluntarily.

The Federal Farm Loan Act is amended in certain particulars. The election of directors to Federal Land Banks is revised; the Production Credit Associations are given representation. Personal property is accepted as additional security for loans under the Act. Shareholders in national farm loan associations will not be held individually responsible for the obligations of the society entered into in future. Loans are restricted to farmers and persons whose income is principally derived from farming. Production Credit Associations are included among the institu-

tions which may discount bills, etc., with Federal Intermediate Credit Banks. These may also make loans to agricultural co-operative institutions which when secured against warehouse receipts or chattel mortgage shall not exceed 75 per cent. of the value of the product. No further national agricultural credit corporation shall be formed under the Agricultural Credit Act of 1923.

The Farm Loan Commissioner becomes the Land Bank Commissioner and Production Credit, Co-operative Bank and Intermediate Credit Commissioners are appointed to the Farm Credit Administration. The Reconstruction Finance Corporation is authorised to redistribute the capital of Regional Agricultural Credit Corporations.

An Executive Order lays down that none of the codes of fair competition shall infringe the right of bona-fide co-operative societies to pay dividends on purchases.

Agricultural Adjustment Act—May 12, 1933.

Farm Credit Act—June 16, 1933.

Executive Order regarding co-operative dividend—October 23, 1933.

## URUGUAY

Resolution constituting a Commission for the establishment of a co-operative basis for the export of farm produce—May 7, 1931.

Resolution allocating a sum for the necessary expenses of organising the first Co-operative Egg Exporting Association—July 30, 1931.

Resolution completing the commission for the establishment of a co-operative basis for the exportation of farm produce—May 7, 1931.

## YUGOSLAVIA

An Act of 1931 concerns the credit which the Privileged Agricultural Bank is instructed to place at the disposal of the privileged society for the export of agricultural produce.

## 386 YEAR BOOK OF AGRICULTURAL CO-OPERATION

Law completing the law of April 25, 1894, on Agricultural Associations—December 30, 1930

Law completing the law on the Privileged Agricultural Bank—March 27, 1931

Act regarding a Co-operative Society of State employees—January 18, 1932.

## BOOKS, SURVEYS AND REPORTS

*International Labour Directory of Co-operative Organisations.* International Labour Office. 2s. 6d.

*Collective Agreements in Agriculture.* International Labour Office. 3s.

*Results of State Trading.* International Co-operative Alliance and P. S. King & Son. 2s.

*Histoire des Doctrines Coopératives*—Dr Gromoslav Mladenatz. Presses universitaires de France

*Le Rôle Economique des Unions Internationales de Producteurs.* Jean Louis Costa. Librairie des Recueils Sirey.

*Report on Co-operation in India and Europe.* L. D. Gammans Government Printing Office, Singapore.

*Native Education* The Hon. H. A. Wyndham Oxford University Press. 10s 6d.

*What Countrywomen of the World are Doing.* Chapman & Hall. 2s.

THE *International Labour Directory of Co-operative Organisations* constitutes the only comprehensive guide to co-operative activity throughout the world and the only attempt to present comparable statistical information for every type of co-operative organisation. Its value has long been recognised and there can only be satisfaction at the appearance of a new edition, containing, along with other improvements on earlier editions, a third section giving tabular summaries with a variety of suggestive general figures as to the number, membership and turnover of co-operative federations, changes in the number and membership of these federations from 1928 to 1931, the commercial activity of central organisations, co-operative banks and central co-operative credit societies, co-operative insurance societies and central mutual insurance funds.

As in earlier editions, more detailed figures are given for all the more important central co-operative organisations in the second section, while the first section contains a list of 1,044 co-operative federations or central organisations with their addresses, the date of foundation, the names of the chief officials, their official organs, etc. There are still some gaps in the figures, but this is almost inevitable where particulars have to be collected from a large number of different bodies in almost every country of the world. It is unfortunate, though perhaps hardly surprising, that the absence of an autonomous centre should have caused the complete omission of English agricultural co-operation. It is to be hoped that communication with the Co-operative Committee of the National Farmers' Union will remedy this defect in a future edition. Figures are quoted in dollars, a standard which seemed more absolute when the *Directory* was compiled than it does today. According to the figures given, in 1931 there were throughout the world more than 604,684 co-operative societies of all kinds, with a total membership of 151,724,710. For the same year the trade of all these societies in goods alone (sales to members and sales of members' produce) represented more than 25,000 millions of dollars, while the general turnover for all rural and urban credit co-operative societies amounted to more than 28,000 millions of dollars.

Another recent publication of the I.L.O., *Collective Agreements in Agriculture*, gives a convenient summary of the history and scope of collective bargaining in agriculture in ten countries. The survey begins by pointing out that though social legislation touching agricultural workers has lagged behind that devised to meet industrial employment, nevertheless, a definite improvement in agricultural conditions—hours, wages, holidays and housing—has taken place in the last fifteen years. How far is this attributable to the labourers' own organisation and "to what extent and in what way does collective bargaining replace in

agriculture an inadequate social legislation"? As far as large-scale capitalist agriculture is concerned, and in the field of hours and wages, the report would set the power of a trade union high, but when it is a question of social insurance, workers' protection and the labour of women and children, "the achievements of collective bargaining . . . are insignificant compared with even the minimum results of legislative intervention," and "parliamentary action is the only means of dealing with this part of the workers' conditions"

Co-operation and State trading trace their ancestry to the same parent ideas and, like other heirs, are not guiltless of disputes as to the exact patrimony which has fallen to each. Both have their supporters and, strangely enough, not a few who are most closely associated with co-operation, at least on the consumers' side, are in theory adherents of State ownership. In this confusion of ideas, any recourse to fact and experience is valuable, and the International Co-operative Alliance has done well to compile its little book, the *Results of State Trading*, in which a review is made of all types of State trading, whether by central governments or municipalities, which may compete or conflict with the recognised functions of the consumers' co-operative movement. Fundamental services, such as railways, are not included. The inquiry ranges from revenue monopolies, such as those in tobacco, matches and alcohol, through municipal supply of meat, milk and fuel, to the State marketing of agricultural products through marketing boards and export syndicates, but also by way of import monopolies such as the grain monopolies of Switzerland, Norway and other countries. The information given is extremely summary and that relating to agriculture gives the impression that in the United States, for example, the Federal Farm Board constitutes a more definite and permanent system of State purchase in the Socialist sense than has in fact been the case. It is also a debatable point whether the imposi-



tion of an export tax on unorganised export, as was at one time attempted in Poland, can be regarded as compulsory (and therefore State) organisation. The British Agricultural Marketing Act, on the other hand, is definitely stated to be "not really open to the charge of co-operation by compulsion", on the ground that it is based on a majority vote. This is an arguable case, but the statement that the intervention of the State has been used in this instance "to strengthen the existing organisations" is hardly the case. The book offers some interesting and suggestive materials which would have borne fuller statement, and, in particular, the discussion of the alternatives of co-operative and State trading might have been expanded, especially in the last section.

The history of co-operative movements, the lives of eminent co-operators have been written in abundance, but few attempts have been made to write a consecutive history of co-operative ideas and to show their relationship not only to their predecessors and successors, but to other social and economic philosophies to which they stand in opposition or affinity. This work has been carried out by Dr. Mladenatz, with much learning and admirable clarity of arrangement, in his *Histoire des Doctrines Coopératives*, which has just appeared in a French translation. Beginning with the apparent paradox of the universality of co-operation and the local diversity of its forms, he traces not the movement so much as the motive ideas behind it, from the earliest English theorists of the seventeenth century to the better-known writers of nineteenth-century France. These he calls the "precursors". They are followed by the "realisers"—the Rochdale Pioneers, Schultze and Raiffeisen. Where there is so much to praise it may perhaps be complained in passing that very little is said of the theory underlying co-operation among agricultural producers. Denmark is hastily treated, the New World omitted, and the name of Horace Plunkett does not occur even among those of the

minor prophets of co-operation. A short central section deals with the aspirations of the co-operative movement towards international solidarity, and the latter part of the book is taken up with an investigation, much of which breaks quite new ground, into the relation between co-operative philosophy and that of "liberal" economics, marxism, guild socialism and other schools of social thought. In the final chapter the author seeks to answer the questions, is co-operation something more than a form of economic enterprise or a weapon in the class struggle? is it in fact potentially an independent economic order, and if so, what is the peculiar character of such an order? The book is strictly objective throughout, and this is not the least of its merits, but many readers on turning the last page will hope that it is a prelude to the detailed expression of Dr. Mladenatz's own views on the final question which he has raised.

M. Costa describes his work on the *Economic Function of International Unions of Producers* as "a contribution to the search for a peaceful solution of economic conflicts", and especially of the competition between sellers, which he holds to be the most dangerous which confronts the world, especially when it takes place in the international sphere. Political regulation of the situation has been attempted through tariffs and quotas, but an important field remains—that of spontaneous organisation—and it is this field which Dr. Costa sets out to explore. Since his concern is with international unions alone, most unions of co-operative producers inevitably escape his net, and agriculture also has little place beyond a reference to sugar and the Chadbourne Convention. The study is thus concerned with the international industrial trust or cartel and more especially with its function as a price-fixing agent. On the whole the author regards the international trust with approval—"economic internationalism" is his last word—since it makes for order. The position of the consumer is not altogether forgotten, but here the

author relies on State action, dismissing the claims of Charles Gide for the consumers' co-operative movement in a manner which most English economists would regard as altogether too summary.

The problems of Colonial administration in Empires other than our own is too little studied in England, and the series of reports on *Problems of Imperial Trusteeship*, projected by the Royal Institute of International Affairs, is therefore a very welcome departure. The first volume on *Native Education* provides a background against which economic developments may be judged, besides being in itself a deeply interesting study of the varying aims and methods of Portuguese, Dutch, French, Spanish, British, American, Chinese and Japanese in the administration of the group of countries lying east, west and north of the Straits of Malacca. It is to be hoped that the series will be extended to include many more aspects of Colonial administration, including that of the co-operative service.

If observation of foreign colonies is limited, the readiness of British colonies to learn from one another's experience and also from that of Europe is unquestionable. Recent evidence is provided by *Report on Co-operation in India and Europe*, by Mr. L. D. Gammans, of the Malayan Civil Service, who has recently completed a tour of several Indian Provinces, Great Britain, Ireland, Germany, Czechoslovakia, Holland and Denmark. The last section of the book contains the author's application of his experiences to Malayan conditions, and his recommendations for the future of Malayan co-operation, not only in credit, but also in marketing and other forms of active association.

*What Countrywomen of the World are Doing.* This volume, the third of its kind, serves as a link between the rural women's organisations of some thirty countries. It is designed for the members of such organisations rather than for outside students, and consists of a number of short sections, profusely illustrated,

giving some idea of the character and scope of the women's organisations in each country, together with a few special articles by leading countrywomen of different nations. Several articles are printed in the language of the writer, together with an English translation. The book is slight in character but should have value in conveying the sense of international solidarity among countrywomen, in pooling ideas and in suggesting new forms of activity. It is published by the Liaison Committee of Rural Women's and Homemakers' Organisations.

*Co-operation for Africa* C. F. Strickland Oxford University Press.

*The Farm and the Nation* Sir E. John Russell George Allen & Unwin.

*Agriculture and the Trade Cycle* John H. Kirk. P. S. King & Son, Ltd.

*The Planning of Agriculture.* Viscount Astor and Keith N. H. Murray Oxford University Press

*The Foundations of Agricultural Economics* Dr. Venn Cambridge University Press

*England and Sir Horace Plunkett* Rupert Metcalf Gerald Howe  
*Economic Equality in the Co-operative Commonwealth.* H. Stanley Jevons. Methuen & Co

*Methods of Social Study* Sidney and Beatrice Webb. Longmans, Green & Co.

*The History of the Working Classes in Scotland* Thomas Johnston, M. P. Forward Publishing Co

*Co-operation for Africa* is a book with a specific purpose—that of awakening African administrators to an understanding of the potentialities and achievements of co-operation and of supplying a manual for the first stages in its application to African conditions. It is based on the author's own rich experience, supplemented by recent study of co-operative developments in several Asiatic countries, such as Japan, Indo-China and the Dutch East Indies, which are still little known to English investigators. The proportion of new material, however, is slight, and

the value of the book lies in its persuasive statement of the co-operative case and especially of the social and moral rather than the purely economic argument for co-operation as the leading agency in the development of primitive people. The book includes an account of such native co-operative undertakings as exist in Africa, together with the text of model statutes and rules for different types of society.

*The Farm and the Nation* is based to some extent on wireless "talks", and is a popular account of British farming in its historical and geographical aspects. It describes, with admirable clarity and vividness, the type of agriculture carried on in Great Britain and many of the overseas Dominions, and assesses the contribution of each to the provisioning of home population. It discusses very temperately the proposal to make Britain self-supporting, and arrives at the conclusion that complete self-sufficiency is probably impossible and certainly undesirable. Not the least interesting thread running through the narrative is the economic and social significance of the application of science to agriculture. In the later chapters, Sir John Russell discusses the question of the future use of land and draws a salutary distinction between the three incompatible objects, increasing food supply, increasing cash returns and increasing the agricultural population. The author refers in several instances to co-operative action, but the instances quoted are somewhat too local to give a fair idea of English agricultural co-operation. The rapidly extending egg-marketing societies escape notice, and though there is a reference to wayside stalls, the much more systematic work of the Women's Institutes is not mentioned.

In *Agriculture and the Trade Cycle*, Mr Kirk sets out to examine the behaviour of trade cycles and especially of the agricultural element in them, and its interaction with other elements. He does not claim more than to have established "that fluctuations occur in the output of agriculture; that

they are capable of causing pronounced fluctuations in general trade, and that the principal links between the two are to be found in the behaviour of savings and of investments in agricultural countries"; further, that such fluctuations have regular cyclical character. He attaches little importance to weather as a cause of fluctuations in agricultural output, referring them to movements of price and investment, though assigning a measure of active causative power to demand—a proposition which lies at the base of the consumer-co-operative theory. The relation between physical production and consumption, on the other hand, is treated as of minor importance. This would appear to be a return to the psychological-financial interpretation of trade cycles with a more active rôle assigned to agriculture than has usually been proposed. With the cure or modification of trade cycles, the author is little concerned, except in so far as he enumerates the current specifics and analyses their contribution to the situation.

In 1932 Lord Astor and Dr. Murray published in *Land and Life* their scheme for British agriculture based on livestock, poultry and market gardening, coupled with land settlement, tariff protection and a reorganisation of production and distribution. But public policy has not followed the lines indicated, wheat has been singled out for a subsidy, quotas have been adopted in place of tariffs, and a control of the markets, which may easily become control of production, has become the central feature in the agricultural program. In *The Planning of Agriculture*, the authors set out to examine these new developments and to assess their value both as emergency measures and as permanent contributions to the welfare of agriculture. In the main, their study is an attack on the whole of recent British policy, on the Marketing Boards, the quotas, Ottawa and the more recent trade agreements. Marketing Boards are compared to industrial cartels and condemned because they do

not provide the same conditions of a standardised product, large capital and limited sources of supply. Their potential influence on prices and production is treated as negligible. Turning to what may be called the foreign policy of agriculture, the authors view with alarm the increased international control of supply, "the combination of those who supply our market" which "it seems almost suicidal to encourage". Instead, they advocate the spontaneous reorganisation of agriculture, apparently including a very moderate degree of organised marketing and responsibility for surplus, the nationalisation of the land, tariffs, and, rather surprisingly and without any elaboration quite adequate to so revolutionary a proposal, the stabilisation of the internal price level by Government control of currency.

The second edition of *The Foundations of Agricultural Economics* appears after an interval of ten years in a greatly enlarged form. Not only have its 400 pages grown to 600, many subjects being treated at greater length and with the inclusion of modern trends and conditions—the chapter on Markets and Marketing, for instance, now includes a discussion of the Agricultural Marketing Acts of 1931 and 1933—but new matter has been introduced, as in the chapter on Crop Estimating and Forecasting, and in the concluding section, under the title *An Economic History of British Agriculture during and after the War*. The chapter on Agricultural Co-operation has grown into two, and includes a section on the provision of credit. It is perhaps a pity that the analysis of co-operative business for the year 1921-22 is not brought up to date (see *Agricultural Co-operation in England*, published by the Horace Plunkett Foundation in 1930), since the lump sum quoted as turnover in the latest year discussed gives no indication of the relative importance of different branches of co-operative activity or the emergence of new enterprises, such as the co-operative marketing of wool. The reference to the Agricultural Wholesale Society might have been made more

valuable by some discussion of the position of the C.W.S. in relation to agricultural societies. In discussing the future of Co-operation, Dr. Venn stresses its value to the small-holder and suggests that the absence of agricultural depression amounting to anything that can be called "acute suffering" is probably at the root of the relatively slow development of agricultural co-operation in England. It is this, and not any system of State regulation, that Dr. Venn has in mind when he says that "the factor of compulsion has to a great extent been absent". The chapter concludes with a generous tribute to the memory of Sir Horace Plunkett and to his Foundation.

Plunkett's influence on the generation which is beginning to take responsibility for agricultural affairs may be traced in *England and Sir Horace Plunkett: An Essay in Agricultural Co-operation* by Rupert Metcalf. This little book is addressed to two audiences. It attempts to make plain to the townsman the conditions of agricultural life and work and to show how, in the light of Plunkett's teaching, these too have their place in a renewed social order, a place which is not necessarily uniform with that of other workers in other industries. In the second place, it seeks to transmit to the countryman—especially to young countrymen, farmers, small-holders or farm workers—some part of Plunkett's inspiration, to show that English agriculture is passing from its old individualist basis to a future which lies with co-operation in some form. What that form will be is more doubtful. Mr. Metcalf criticises the new English Marketing Acts and his criticism would probably have met with Plunkett's approval. How far his master would have read, unscandalised, his comments on communal farming and communal life is another matter, but it is at least a testimony to the vitality of the Plunkett idea, that it can continue to put forth such unexpected blossoms.

*Economic Equality in the Co-operative Commonwealth* is in



some ways a misleading title, for though the book is a forecast of a future and better state of society, it practically ignores the more specifically co-operative basis for such a system. Starting from the general thesis that society is mutable and therefore perfectable, that its present state is unsatisfactory and that desirable change should be in the direction of equality, which is the only guarantee of stability, Professor Jevons describes in some detail a state of pure communism adapted to English conditions. The core of the scheme is summed up in the sentence, "It must not be forgotten that there can be no such thing as public revenue or even public finance under Communism: only public economy." Public economy involves the public employment of all citizens on useful work, and an annual estimate of producing capacity and consumer demand on which is based the annual program of production, and the issue to each citizen of a claim, through a form of cheque currency, on an equal fraction of the national income. This may be thought of as a national truck-shop, or compared with the compulsory co-operation of the early years of the Russian Revolution. The scheme, however, has been carefully worked out and the proposed system of price fixing is interesting and ingenious. Its weaknesses appear to be its reliance on a wage-earning civilisation, and the difficulty of applying it to communities where there is an equality of small vested interests (as in peasant countries) and, more important still, its indefiniteness as regards foreign relations and international trade. There is, indeed, a suspicion that the English communist State would exist by exporting to—it might even seem exploiting—the non-communist foreigner. Similarly the emphasis throughout is on the need for increasing production, and nothing is said as to the modern problem of placing goods when produced. The earlier part of the book is somewhat overloaded with a discussion of elementary economics and psychology which do not assist the argument for the advanced

student, and which the beginner would probably seek elsewhere. The central theory deserves careful thought.

There is no investigator into social institutions, least of all into co-operative institutions, who is not under a lasting obligation to Mr. and Mrs. Webb. In *Methods of Social Study*, the two pioneers have laid bare the process by which their books—the *Consumers' Co-operative Movement* among them—were brought into being. This conducted tour of the works can only have two effects on the student of a later generation—an increased respect for the product of so much laborious and enthusiastic study along many lines, and a reconsideration of the technique of social investigation. The chapters on bias, on the psychology of the asker and the answerer of questions, on interviews, the wooing of the hostile, the reassuring of the wild and shy, on note-taking and the use of that general faculty which perceives the “feel” of a situation, deserve to be studied and pondered by all who attempt to investigate living institutions. Many may not command the unlimited time and other resources of the Webbs; others may have evolved systems—for example of note-taking—which seem especially suitable to their branch of research, but none can fail to profit by a comparison of their own methods with those of masters in their own particular art.

A second edition of *The History of the Working Classes in Scotland* has recently appeared. It contains a short chapter on the early years of the co-operative movement, but without much attempt to assess the social or economic value of the movement, which is regarded solely as an adjunct to the “political and industrial organisations of the workers.” A longer and more interesting section describes the Highland clearances which have their connection (not indicated here) with modern co-operative experiments in land settlement. On the themes with which the writer is primarily concerned, the book provides a quantity of interesting material.

## 400 YEAR BOOK OF AGRICULTURAL CO-OPERATION

### *Empire Marketing Board —*

*The Empire Marketing Board, May, 1932–May 1933* 1s.

*Dairy Produce Supplies in 1932* (including Poultry and Pig Products) 1s.

*Fruit Supplies in 1932* (including Vegetables, Flowers and Bulbs) 1s

*Canned and Dried Fruit Supplies in 1932* 1s

*The Demand for South African Deciduous Fruits* 1s

*Palestine Orange Shipments* 1s.

*Report on the Infestation of Cured Tobacco in London by Cacao*

*Moth Ephestia Electella* H.B. H. H. S. Bovington. 1s

*Barley Survey* Henry Clark Grant 2s

*Sisal* S G Barker 1s

*Fibres* 6d

*Imperial Committee on Economic Consultation and Co-operation, 1933 Report.* 2s.

What will presumably be the last annual report of the Empire Marketing Board was issued in June. It records a variety of scientific work to which the Board has given its support as well as activity in the economic field. Much of this has been actually carried out by the Ministry of Agriculture and Fisheries through the issue of Orange Books and the promotion of National Mark schemes. The Empire Marketing Board itself carried on the publication of Weekly Intelligence Notes relating to fruit and dairy produce with a more infrequent issue on dried and canned fruit.

In addition, the Empire Marketing Board has issued a number of special reports dealing usually with a single crop. A group of these are concerned with Fruit. The *Annual Review of Fruit Supplies* for 1932 covers the production of all types of fruit, vegetables and flowers in the United Kingdom, fruit consumption and imports both from Empire and foreign sources and exports of fruit from British countries to Germany, the U.S.A. and Scandinavia. An introductory section deals with sterling exchange and import duties. *Canned and Dried Fruit Supplies* completes the information. Fruit marketing is ap-

proached from a different angle in the survey of *The Demand for South African Deciduous Fruits*. This is based in the first place on information secured by placing cards in fruit boxes on arrival at Southampton, such cards being printed with inquiries as to ripeness, wastage, etc., which it was hoped the retailer would return, duly filled in, to the Board. Unfortunately, only about 8 per cent of these were returned, although a certain amount of interesting information was received. The second part of the inquiry was carried out by means of a survey of retail shops in London, Glasgow and Birmingham, and covered supplies, choice of variety, prices and other factors. *Palestine Orange Shipments*, on the other hand, is only indirectly concerned with the consumer, and concentrates attention on packing, shipping and conditions on board ship, with the resulting opportunities of wastage by fungal infection.

The *Barley Survey* is international in scope, covering "production, exports, imports, marketing, markets and prices in the principal exporting and importing countries of the world." It was, however, written with a special eye to the problems of Canadian producers and exporters and aims to answer for them the questions "(1) What are the qualitative-quantitative demands for barley in the major importing markets of the world? (2) What countries are the major exporters of barley and what quantity and quality of barley do they normally export? and (3) What type and quantity of barley should Canada produce and how should the crop be marketed?" The conclusion is that "if Canada wishes to hold her own in the barley export market, it would seem the path of wisdom to forget all about growing small quantities of malting barley for export and specialise in the production of high-grade feeding barley."

*The Report on Dairy Produce Supplies* follows lines similar to those of the reports on Fruit Supplies, and sums up the Weekly Dairy Produce Notes. Dairy produce in this instance is extended

to cover poultry and pig products. The *Report on the Infestation of Cured Tobacco by the Cacao Moth* is treated along the lines of natural history, though it is intended to suggest a solution of an economic problem. The short statistical survey of *Fibres* covers the production of cotton, wool, silk, hemp, flax and jute throughout the world, as well as the trade in these articles. A special Report deals with *Sisal*, its attributes and their industrial significance. It is pointed out that, whereas the scientific development of production has proceeded steadily, "the uses of the product and the true knowledge of what it is and what it will do seem to have been almost entirely neglected." The crop is of some importance in East Africa and elsewhere, and this appears to be a first comprehensive attempt to assess its industrial value.

The Imperial Committee on Economic Consultation and Co-operation, set up by Resolution of the Ottawa Conferences in the Autumn of 1932, has issued its first annual Report. It was charged, among other things, with the survey of the functions of a number of existing agencies, such as the Imperial Economic Committee, the Imperial Institute, the Empire Marketing Board, etc. The Report is mainly concerned with the results of this survey and with the Committee's recommendations for their individual and collective future. A third section deals with the larger question of economic consultation between the several Governments.

*Co-operative Societies in Relation to Income Tax.* Evidence H.M. Stationery Office. 11s.

*Report on the Marketing of Potatoes in Scotland.* H.M. Stationery Office. 1s.

*Stabilising the Potato Industry in Great Britain.* Report of the Potatoes Committee of the National Farmers' Union. N.F.U. 6d.

*The Accounts of Five National Mark Egg Packing Stations.* Ministry of Agriculture & Fisheries Marketing Leaflet, No. 52.

*The Future of Co-operative Marketing of Farm Produce in Wales.* J. Glynne Williams, B.Sc.

*Report of the Scottish Agricultural Organisation Society, 1932.*

*Report of the Fisheries Organisation Society, 1932*

*Sixteenth Annual Report of the National Federation of Women's Institutes, 1932*

Pressure for the increased taxation of co-operative societies has been maintained for many years by the private trading interests of Great Britain. In 1905, the Ritchie Committee reported that no case had been made out for an alteration of the law. In 1920, the Royal Commission on Income Tax reported that "dissatisfaction (chiefly on the part of private traders) has been accentuated", and recommendations were made for the treatment of co-operative societies on the same lines as limited companies. These recommendations, however, were far from being unanimous, and were never adopted by Parliament. In 1932, the question was reopened, with results which are still fresh in co-operative memory. The published evidence given before the 1932 Committee makes interesting reading. A scrupulously fair summary of the position by the Board of Inland Revenue is followed by the evidence, generally amounting to attacks, of varying degrees of bitterness, by the private traders' associations and the defence by the co-operative movement itself. On this evidence the Committee based its remarkable decision that co-operative societies, by simply growing bigger, had changed their essential nature, that being "a legal entity apart from its members", a society had somehow lost its mutual character, which ceases to be "real" because "a contributor cannot point to any part of the undistributed surplus on trade . . . as representing his contribution". To judge by the experience of other countries, the whole question of co-operative taxation is not likely to remain where it is indefinitely. It touches not only the business stability of the movement, but its underlying principles, and the proceedings of the Committee deserve the closest study of all who speak or think for the movement.

The *Report on the Marketing of Potatoes in Scotland* was prepared by the Department of Agriculture in Scotland, with the aid of a grant from the Empire Marketing Board, and it thus resembles the earlier English Orange Books rather than those which contain definite schemes under the Agricultural Marketing Act. The Scottish Report covers the volume of production and its distribution, markets, market organisation and prices. The possibilities of producers' co-operation are very cautiously approached, and little is proposed beyond "combinations of producers in the areas most liable to be left with unsold surpluses, for the purpose of erecting and working factories for the manufacture of farina, dried potatoes, or some alternative form." It is admitted that the value of such products is low, and no mention is made of the often more profitable outlet of alcohol. Instead, the Report concludes that "the starting-point of any improvement in the machinery of marketing, whether by existing agencies or through more centralised direction of supplies . . . lies in the initiation and regular functioning of a more efficient market information service."

In contrast to the objective caution of the Scottish survey, the Report issued by the National Farmers' Union, with the approval of the National Farmers' Union of Scotland, is a definite proposal for action under the Marketing Act. It is, in effect, an anticipation of the findings of a Reorganisation Commission, such as has been offered by the Minister of Agriculture, and after a very brief outline of conditions of supply and marketing methods, it plunges at once into the advocacy of a scheme providing for the registration of producers, the division of Great Britain into districts, the annual fixing of grades, the prohibition of unauthorised sales. The scheme only aims at controlling wholesale transactions passing through a middleman. Sales to retailers or manufacturers, sales on the farm, through an approved auction mart and from one registered producer to another, are left uncon-

trolled. The scheme has not unnaturally the approval of the potato merchants, for whom six places are reserved on the Board.

The Ministry of Agriculture have published a pamphlet on *The Accounts of Five National Mark Egg Packing Stations*, with a view to tracing the effect of high turnover on cost. Four out of the five are run by producers' co-operative societies. A study of *The Future of Co-operative Marketing of Farm Produce in Wales*, by Mr Glynne Williams, has been reprinted from the *Welsh Journal of Agriculture*. After reviewing the past and present, the author points out that there "appears to be a general change in the attitude of the farmers of Wales, and many suggestions are made for progress in co-operative sale." The opportunities include the development of horticulture and the application of the Agricultural Marketing Act.

The *Report of the Scottish Agricultural Organisation Society* records a year divided between the ordinary work of the society and the investigation and promotion of schemes of reorganisation under the Agricultural Marketing Act. In the first department of effort, it is pleasant to come upon a paragraph stating that, although "it is some time since your Committee have been able to report on the position in the Western Highlands and Islands, with any degree of satisfaction . . . it would now appear that the additional attention devoted to this area during the past two years is beginning to bear fruit." With regard to Marketing Schemes, the most advanced at the time of reporting was that for Milk, which has since come into operation. A Fat Stock Reorganisation Commission has been set up, and more informal consideration has been given to the question of eggs, this time in consultation with the Scottish Rural Women's Institutes.

The *Fisheries Organisation Society* reports a year of low prices in which, though there has been a certain fall in aggregate turnover, "it is pleasing to note that, in a few instances, increases in business were recorded", while "the business of supplying



members with general fishing requirements has been well maintained, and there is no doubt that this side of the societies' activities is extremely useful." The activities of the Women's Institutes are manifold, as is shown by the *Sixteenth Annual Report* of the National Federation. From the co-operative point of view, the most interesting are those relating to agricultural marketing and to the establishment of market stalls, of which twenty or thirty were in existence when the Report was drawn up. These were gradually being brought within the scope of the Industrial and Provident Societies Act and so established on a permanent co-operative basis.

*Report of Conference of the Agricultural Economics Society.* June, 1932  
5s.

*The Strawberry Industry of South Hampshire* Edgar Thomas and G. B. Bisset. Agricultural Economics Department, University of Reading 2s 6d.

*Recent Progress in Agricultural Economics.* Reprinted from *Agricultural Progress*.

*Progress in English Farming Systems.* The Flexibility of Farming. A. Bridges and E. L. Jones. Clarendon Press 1s. 6d.

*Financing the Farmer.* C. S. Orwin. Clarendon Press. 1s.

*Unemployment and Opportunity.* National Council of Social Service.

*The Land and the National Planning of Agriculture.* The Labour Party. 2d

The proceedings of the Conference of the Agricultural Economics Society opened with an address by Professor Adams on the late Sir Horace Plunkett, who should have been President of the Conference, and whose portrait forms a frontispiece to the volume. Of the papers presented, one dealt with the fortunes of a particular industry—strawberry-growing—one with technical improvement in agriculture as a cause of general depression, one with the study of prices, and one, by Mr. G. Walworth, the Agricultural Adviser to the Co-operative Union, on the Relations

of Producers' and Consumers' Co-operative Societies Mr. Walworth summarised the actual and potential position of the industrial co-operative movement, as consumers of English produce, and the extent—still very small—to which such produce passed through the hands of agricultural marketing societies. He put forward the industrial co-operative view, now becoming familiar, that "produce assembling and grading for marketing and produce distribution are two functions perfectly fitted for control by co-operative commodity associations" He did not, however, define the character of such associations or indicate very clearly their relationship to existing marketing schemes. A paper by Miss Ashby on recent rural changes as they affect the younger generation was a valuable contribution to the "better-living" side of rural studies

The author of the paper on strawberry-growing has treated the subject more fully in a bulletin published by the University of Reading, *The Strawberry Industry of South Hampshire*. This is the only full account of an interesting community, the group of small-holders established gradually and in response to economic opportunity in the area of low land lying to the east of Southampton Water. This group has not been without its co-operative aspects, summed up in the work of the Swannick and District Fruit Growers' Association, and while prices remained good, the Association's work in supplying baskets and chips, promoting grading, listing salesmen and negotiating with the railway, have proved adequate. Now that times have altered for the worse, there is a strong case for co-operative transport on the one hand and a "system of official registration of salesmen" and the "standardisation of commission, handling and market charges" on the other. The possibility of using the Agricultural Marketing Act is also commended to the attention of the growers.

*Recent Progress in Agricultural Economics*, with a preface by Mr. C. S. Orwin, covers in nine short essays the principal

fields of research and the general trend of recent work in each, followed by a bibliography. The two last articles deal with marketing and co-operation respectively, but are unfortunately the only cases in which no bibliography is given. The eighth volume of the series, *Progress in English Farming Systems*, issued by the Agricultural Economics Research Institute, deals with the *Flexibility of Farming*, and describes a successful experiment in "rigorous departmentalism", as opposed to the older principles of mixed husbandry. In *Financing the Farmer*, Mr Orwin deals primarily with short-term credit. After describing the failure of the Credit Acts of 1923 and 1928, Mr. Orwin describes the form of regulated merchant credit devised by Midland Marts, Ltd, and recommends it for general adoption. By a curious error, he states that agricultural co-operative trading societies are restricted to cash trading, and consequently to a "well-to-do membership". In fact, of course, practically all agricultural co-operative societies give credit as readily as other merchants, and on terms much less fraught with risk to the farmer.

The official Agricultural Policy of the Labour Party was confirmed at the Annual Congress of the Party held at Leicester in October, 1933, and has since been issued in pamphlet form. It covers the national ownership of land, the establishment of national commodity marketing boards with power to regulate imports, and a program of improved conditions for the agricultural labourer. The foundations of action on one of these three heads were laid by the last Labour Government in the Marketing Act of 1931, and the building-up process is still being carried on by their successors. A future Labour Government will undoubtedly turn its attention to the other two. *Unemployment and Opportunity* describes some of the practical work which has been done to provide the unemployed with occupation and make enforced leisure tolerable. It includes a short reference to allotments.

*This Worry of Wheat.* A general survey of the wheat problem. The Hon. T. H. Bath.

*Der Kanadische Weizenpool.* Dr. ver. pol. Hans Kaufmann. Veröffentlichungen des Institute für Genossenschaftswesen an der Universität Frankfurt a. Main. Industrieverlag Spaeth u Linde. 1932

In seventy pages of simple and straightforward writing illustrated by a minimum of tables and charts, Mr Bath has given probably the best survey of the world wheat situation that has been offered to the general reader. Beginning with the spectre of dearth which haunted even the best-trained nineteenth-century minds, the author passes to the spectre of plenty which has succeeded it. He traces the causes and progress of glut, makes clear the dangers of multilateral protection and subsidy for the wheat industry, the fatuity of looking to the "teeming millions of Asia" to redress the balance of production and consumption, and the hopelessness of relying on economic forces of adjustment when every economic force has been shackled by State intervention. As a solution, he proposes the voluntary regulation of output by the principal wheat-growing countries meeting in conference, such an agreement subsequently to receive "statutory approval" from the Governments concerned. Mr. Bath is not unaware of the difficulties or of the comparative failure of previous conferences and conventions, but in this direction alone, he insists, is there any reasonable hope of success. For the rest, there must be a change in the policy of settlement of agricultural lands, "moderate but sufficient areas; the farm regarded as a permanent home; and self-sufficiency on the farm encouraged by producing as many of the home requirements as possible."

In *Der Kanadische Weizenpool*, Dr. Kaufmann treats a more restricted field at greater length. It covers not only the organisation of the Canadian Pools, but the general conditions of Canadian wheat production and sale, which are well set out in the first third of the book. They are followed by a careful study

of the origin of the Pools, through the farmers' elevator and grain-growers' companies and the State control of the war period. The constitution of the Pools and their contracts is analysed, a long section is devoted to marketing practice and the destination of Pool wheat, and another to finance. In conclusion, the possibility of a "world wheat pool" is briefly noted. The book was published in 1932, and its latest information necessarily refers to 1931. Since then events have moved rapidly in the Pool world and their historian has not yet been found. Dr. Kaufmann's study can be recommended as the best essay in German on the fundamentals of Pool organisation, and even those who have access to the much richer English literature on the subject would do well to include it in their reading.

*Land and Labour in China* R. H. Tawney George Allen & Unwin  
*Proceedings of the Bombay Provincial Co-operative Congress, 1932.*  
*Report of the Central Co-operative Anti-Malarial Society, 1932.*  
*Statistical Statement on the Co-operative Movement in India, 1931-32.*  
*Reports of the Registrars of Co-operative Societies, 1932*

Assam

Ajmer-Merwara

Baroda

Bengal

Bihar and Orissa

Bombay

Central Provinces

Coorg

Delhi

Madras

Punjab

United Provinces

*Report on the Working of Co-operative Societies in Ceylon, 1932-33.*

*Report on the Working of Co-operative Societies in the Federated Malay States, 1932.*

The economic problems of China are on a vaster scale than those of any single Western country, but there is reason to hope that the experience of the West in finding at least an intermittent solution for the problems of food supply and public order may not be without value as an example or, in some cases, a warning. Such an assumption has led to the application by

Chinese authorities to Western sources of experience as well as to much devoted service by Europeans actually in China. Comprehensive accounts both of the problem and the attempted solution are rare, and Professor Tawney's short study, *Land and Labour in China*, is particularly welcome as giving, in eminently readable form, a summary of such data as exists concerning the condition of peasant life in China, land tenure, cultivation, credit and marketing, together with the ameliorative measures, in the form of improved communications, agrarian reform, scientific and technical improvement and co-operation for credit and marketing which may transform what he well describes as a "propertied proletariat" into a peasantry with something like the European standard of welfare and security. Of co-operation he says: "There is no movement in which a group of men who desire to improve the life of the farmers can engage with greater certainty of producing permanent results."

Works on the co-operative movement of India have in the past been sufficiently numerous, and there is perhaps no cause for distress that in 1933 the seed seems to have been left to sprout peacefully in the earth without any anxious investigators digging it up to estimate its progress. Official Reports, of course, have not ceased, and provide an adequate and in some cases extremely interesting picture of the events of the year. In Bombay, the Provincial Co-operative Union has decided for reorganisation on a Federal basis, with District Institutes, reduction of individual membership, and special provision for grouping on linguistic lines. This was also the line of development of European Agricultural organisations, societies and co-operative unions, and may be looked on as a promising sign. The Registrar, at the same time, has been following a "strict policy of consolidation and rectification", with a depressing effect on some elements in the paper records of the movement but a gain to its actual strength. Ajmer-Merwara is happy to report that the

"financial crisis . . . passed very smoothly in this province" Two interesting suggestions are the formation of Fodder and Grain Societies, and of Forest Profit Societies. Another proposal concerns the collaboration of women and the formation of Women's Thrift societies. Assam has followed a policy of consolidation involving a certain number of liquidations. It seems probable that more will be needed, although "many societies, but for the depression, might have given a better account of themselves." On the other hand, milk-supplying societies appear to be working well and are "a great boon to the town dwellers" Delhi reports a year of great external difficulties. "The agricultural population met its expenditure 25 per cent. by agricultural produce, 40 per cent. by labour and service and the rest by borrowing." In the circumstances, "expansion was out of the question, and upkeep has been the objective."

In Bihar and Orissa also the year has brought more loss than gain, although the Registrar can say that the crisis "has served one useful purpose in bringing to light the weakest parts in the organisation, and after these have been repaired, the movement may look forward to a period of prosperity and progress when the present economic depression is over." The Report of the Central Provinces has, as in previous numbers, the useful adjunct of a map Here, too, the problem of overdue loans is serious, societies have been liquidated and others await that process. In other cases, recovery may be possible through the payment of instalments made on the basis of the net surplus income of their members, but "this work cannot be satisfactorily done till the prices of agricultural produce are stabilised." Of the co-operative movement in the Punjab it is said that "it has continued to stand staunchly against the strain of agricultural and industrial depression, and though the year has necessarily been a difficult one, the report of the Registrar clearly demonstrates the sound basis on which the fabric of co-operation in the

province was founded." All the Reports contain copious statistical tables.

A central institution of a different type is the co-operative Anti-Malarial Society which issued its 13th Report early in 1933. It is a non-official organisation for improving the sanitary conditions of villages in Bengal. Much of the present Report is devoted to specific proposals, illustrated by maps, for the control of malaria by the method of overflow irrigation. It also contains an index of some 1,730 local societies, registered and unregistered.

The Registrar of Co-operative Societies in Ceylon reports "a drab and difficult year". These adjectives, however, cannot be applied to the Report, which is unusually full and interesting, and by relaxing a little the stereotyped official manner has succeeded in giving a very vivid and valuable picture of the present phase of co-operative history in Ceylon. More reports of this type should do much to make co-operation a less oppressively improving subject to the student and to spread a certain atmosphere of cheerfulness among co-operative officials.

In the Malay States different conditions prevail to those of India. The movement has been more cautiously developed and would appear to have suffered less from the economic crisis of the past year. "Co-operative ships are weathering the present storms and stresses and actually in many cases forging strongly ahead."

*American Agricultural Policy* Persia C Campbell. P. S. King & Son.  
*American Co-operation, 1932* American Institute of Co-operation  
*Third Annual Report of the Federal Farm Board, 1932*  
*Annual Report of the California Fruit Growers Exchange, 1932*  
*Annual Report of the Jewish Agricultural Society, 1932.*

Recent events have concentrated attention on the industrial rather than the agricultural aspects of America and they have moved so rapidly that the American world of the Standard Marketing Act and the Federal Farm Board seems already a period



piece. The new phase has yet to produce its literature. Mrs. Campbell's book was written before the outburst of politico-economic activity which characterises the Roosevelt program. But no revolution is comprehensible without a knowledge of what preceded it, and her careful study, first of the American farm in all its variety, and secondly, of the methods of agricultural finance, counsel and control which have been gradually evolved within the public services of the United States, is of unusual value. It permits the reader to follow the often confusing development and relation of the Division of Co-operative Marketing, the Bureau of Agricultural Economics, the American Farm Bureau, the Federal Farm Board and other official and semi-official agencies, with the Acts which have established their powers and guided their activities. The book also offers some interesting and suggestive records of the effect of State policy and propaganda on the character, output and prosperity of agriculture. There is, further, a critical survey of co-operative developments, though principally as they are related to State policy. It is interesting to note that although no agency seems to have done much that is effective in the regulation of production, the co-operative groups, with their democratic machinery, control of marketing and still more of credit, have come nearest to making such regulation effective. Detached criticism of the American co-operative movement is sufficiently rare to make Mrs. Campbell's contribution to the subject especially welcome, and her more general survey of policy and administration up to 1932 is an indispensable basis for the appreciation of all that has since occurred or is likely to occur in the policy of the next few years.

The proceedings of the American Institute of Co-operation are coloured both by time and place. Held in 1932 at the University of New Hampshire, it is natural to find on the one hand a preoccupation with the problems of dairy and poultry marketing, the disposal of fruit and vegetables and the co-operative pur-

chase of farm supplies (a subject about which little has been written), and, on the other, a prolonged discussion of the work of the Federal Farm Board and the relation between various forms of State credit and co-operative marketing organisations. The papers given at the Institute have steadily gained in value with the concentration on practical experience and gradual elimination of merely propagandist material. The institution of Round Table Committees, like that which reported on Fruit and Vegetables in the year 1932, is another advance. Of the more general material, Dr. Nourse's criticism of the Federal Farm Board, together with the discussion that followed it, is of special interest. Events have since marched rapidly, and the Federal Farm Board has become principally of historical interest. The systems which are to succeed it are barely formulated. It may be hoped that *American Co-operation*, 1933, will provide a criticism of them as acute as that of their predecessor, put forward in this volume.

For the point of view of the Federal Farm Board itself, it is necessary to turn to the Report of that body issued for the year ending June, 1932. It claims that one-third of the farmers of the United States are now members of the co-operative marketing movement, which "has made significant progress through the assistance provided under the Agricultural Marketing Act. . . . During a period in which nearly every other field of business enterprise has been strewn with bankruptcies, co-operative associations have increased in membership, volume of business and quality of service rendered both to producers and consumers." A number of new regional organisations were set up during the year, especially in the departments of dairying, livestock and the production of fruit and vegetables, and existing co-operatives received loans to the value of \$99 million. The Report deals in some detail with co-operative activities in different districts and industries, including the financial operations

of such bodies as the National Feeder and Finance Corporation and the Tri-State Livestock Credit Corporation.

Sectional views of some interest in reconstructing the agricultural scene for 1932 are provided by the Annual Reports of the California Fruit Growers Exchange and the Jewish Agricultural Society. Speaking for a limited area and a highly specialised crop, the management of the Fruit Growers Exchange record a year of large fruit turnover and low prices, and draw the conclusion that the "outstanding lesson" of the year is "control and regulation of shipments", and at the same time congratulate themselves on the "relative stability of the citrus industry". The Jewish Agricultural Society, with interests spread over the greater part of the United States, reports the effects of depression in the slow repayment of loans, but also a rather surprising "ardour of many to move farmward". "With the single exception of the boom year, 1920, the number of farm-seekers applying to our farm settlement department was the largest on record."

*Un Plan de Développement pour le Mouvement Coopératif*  
*Démocratie et Coopération.* (10 frs.) Ernest Poisson. Presses Universitaires de France

*L'Enfance et la Coopération.* Alice Jouenne et Auguste Fauconnet. Presses Universitaires de France. (18 frs)

*La Coopération dans une Commune Viticole* Maurice Milhaud. (20 frs.)

*Les Mouvements de la Coopération dans les Banlieues Parisiennes.* Jean Gaumont Presses Universitaires (15 frs)

*La Solidarité* Charles Gide. Presses Universitaires (10 frs.)

In his recent book, *A Plan of Development for the Co-operative Movement*, M. Poisson seeks to apply the principles of rationalisation to the co-operative movement. He points out in his introduction that co-operation is itself a form of rationalisation and the "consumer basis" an approach to a "reasoned conception of

economic life". But in the movement itself there is need for a structural rationalisation, if it is to maintain its position as against the rapidly evolving department store and multiple shop. The co-operative movement must reply with greater co-ordination and increased number of societies. The author examines carefully the means to such an end—firstly, increased capital, share raising, the possibility of issuing debentures and attracting deposits, the resources of State and private capital available, then the improvement of personnel and, finally, the method of mass appeal to members and prospective members. The proposals are worked out with a view to French conditions, but are worth the study of anyone responsible for the future of the consumers' co-operative movement, together with *Democracy and Co-operation*, in which M. Poisson traces the development and interaction of these two representative ideas, with special reference to State intervention and the relation between co-operation and public services, national and municipal.

Something has been done in England, by way of junior guilds and Comrades Circles, to bring children within the scope of the co-operative movement, but, perhaps to some extent because of the numerous other agencies for social work which exist, little has been done to make co-operation an instrument of child welfare such as is being created in France. In *Childhood and Co-operation*, Madame Jouenne and M. Fauconnet trace a movement which, from its opening with children's classes and choral societies, speedily passed to more ambitious efforts. It sought to bring art and learning of a really high quality within the reach of children; it taught co-operation by the method of "children's co-operatives" so well known abroad and so little attempted in England, and starting from several different points—from teaching in health and hygiene, from a scheme to find hospitality in the country for the children of war-time Paris and the need to provide for war orphans—created the system of holiday homes

and children's sanatoria, which is so excellent a branch of the activities of the French co-operative movement

The study of a single and homogeneous district has an interest and possibly a value not always to be found in more extensive surveys. M. Milhaud, in his *Co-operation in a Wine-Growing Parish*, has had a rich field to work. The village of Manduel in the Department of Gard was one of the first to replant its vineyards with American stocks after the ravages of phylloxera in the 'seventies of last century. This was achieved through the formation of a co-operative society, and since then the co-operative institutions of the village have multiplied—bakery and grocery, credit bank, wine cellar, sickness and death benefit club, animal insurance society. The actions and interactions of these groups well deserve the care which the author has bestowed upon their study.

M. Gaumont's historical study of the consumers' movement in the eighty communes around Paris, with a population almost as great as the metropolis itself, is just the kind of work which one would like to see done about the London societies. It brings out the political and organisational significance of many incidents in the life of the 140 or more societies which have played their part with varying fortunes in the long and stormy development towards unity, and his vivid style is a lesson in itself for researchers in such otherwise dry fields.

The volume of lectures on *Solidarity*, the last course to be edited by Charles Gide himself, gives also more completely than any other of his works the moral, economic and political philosophy of the great leader of co-operative thought and economic doctrine. It will be eagerly read by those who know the man and his work, and for those who do not there could be no better introduction to either, for the charm of his personality lights up these pages even more than those of his earlier or more specialised courses.

- The Great Offensive* Maurice Hindus  
*From Peasant to Collective Farmer.* N Buchwald and R. Bishop.  
Martin Lawrence, Ltd. 2s 6d  
*Russia, 1931.*  
*Soviet Russia, 1932.*  
Reports of two groups of Co-operators. Co-operative Union, Ltd.  
*Annuaire Statistique de l'Institut Internationale Agraire* (Moscow)

Mr. Hindus has acquired a unique reputation for his studies, at once sympathetic and intimately informed, of the life of revolutionary Russia. His latest book, *The Great Offensive*, carries a step further the story of the struggle to bring a modern communist state into being and permits a glimpse of an even later generation of young people for whom communism has become so natural that it is even possible to take it for granted. Of co-operation in the towns, the author has little to say, but his glimpses of village life and the discussion on the collective farm and the agricultural program of the Soviets generally is a searching and fair-minded contribution to the subject. He makes it quite clear that the motive behind collectivisation was as much the need for a technical as for a social revolution, and it is to the fact that it is the Russian counterpart of the English enclosures of the eighteenth century that much of its harshness must be attributed.

*From Peasant to Collective Farmer* is an account of agricultural Russia drawn entirely from the proceedings of the first Congress of Collective Farmers held in Moscow in 1933, and from conversations with the delegates. It makes no pretence to be either objective or the result of original investigation, and the interpolated criticism of English institutions is too scrappy to carry weight, and would have been better omitted. The book has interest as a readable statement of the case for collective farming based on the experience of those who have taken part in the experiment and approved it.

The two pamphlets issued by the Co-operative Union dealing with Russia in 1931 and 1932 do not profess to be more than the observations of passing travellers, but the observations have been intelligently made and frankly recorded, and the results are "scientific" within their own rather narrow limits. They include a fair amount of information on the co-operative movement, in which the writers were naturally interested, but notes on agriculture are vague, and it would appear that the party did not include any trained observer in this field.

The International Agrarian Institute at Moscow has published the first volume of a work dealing in statistical form with the years 1924-28, described as the period of "agricultural stabilisation". The text is given in Russian and French. Elaborate tables cover population, production, trade and consumption, agrarian reform, farm accounts, co-operation, wages and credit. Figures are taken from various sources and are admittedly imperfect. The 691 "co-operatives for the leasing of small plots and farms" recorded for Great Britain are probably allotment societies, but the 888 "agricultural societies for collective interests" are less easily identified. The book brings its record up to the beginning of the present slump in 1929. Indications as to the effects of the crisis seem, however, to be open to question, as in the statement that small farmers are the worst sufferers and are "fleeing into the towns", while large farmers are "founding capitalist enterprises on a new basis."

*La Cooperazione Agraria in Italia.* By Giacomo Acerbo. Federazione Italiana dei Consorzi Agrari, Piacenza.

*L'Organizzazione Cooperativa nel Decennale.* By Rosario Labadessa. La Formica, Rome.

These two publications give a clearer view of what has been happening in Italian co-operation since the establishment of the Fascist regime than any others that have yet appeared. Regard-

ing some of the many difficulties encountered in fitting co-operative organisations into the corporate state, they are as frank as could be wished. The Minister of Agriculture describes in some legal detail the efforts made to link central authority with the local and national co-operatives, and both writers applaud the resistance shown by the societies. The co-operative leader refers to the battle that has been waged for the autonomy of the co-operative organisations, not without the sympathy of the Duce himself, it would seem. Where this has been fought on strictly co-operative grounds, the societies seem to have won a long series of engagements and to have secured as complete a measure of economic independence as can be secured in a totalitarian state. Where the societies have been historically connected with the political socialist movement, as in the case mainly of consumers' societies, policy demanded their purging or suppression. They are now apparently reviving, and will have the support of the Ente Nazionale, and of the Government, provided they adhere strictly to the economic functions of co-operation. The power of the Ente Nazionale itself has been defined by a succession of laws, the last quite recently making its relations with the federations and societies comparable with those which would exist between the Co-operative Union and the English societies if the members of the central board were nominated by Government. Signor Acerbo's work is a complete historical and descriptive account of the Italian movement and contains a useful bibliography, as well as a certain amount of statistics. An appendix gives brief but well-concentrated summaries of co-operation in twenty-seven foreign countries.

*Norwegian Agriculture.* O. T. Bjanes J W Cappelens Forlag, Oslo.  
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Stockholm

*Sverges Jordbruk.* Ernst Høijer, Kooperativa Forbundets Bokforlag.



## 422 YEAR BOOK OF AGRICULTURAL CO-OPERATION

*Betänkande med Förslag angående Andrade Bestämmelser om Mjölka-  
gifters Upptagande och Användning* Stockholm

*Grundlinjer för Slaktedjursförsäljningens Organisation* Stockholm

*Lietukis. Un bref Aperçu des dix Années d'Activité*

*Die Kriegsgeschichte der deutschen landwirtschaftlichen Genossenschaften,*  
1914-1918 Dr A. Schreiber.

*Das Polnische genossenschaftsgesetz.* Verband deutscher Genossen-  
schaften in Polen

*Humanita Skutkem* Antonin Vavra

With remarkable enterprise and consideration for the foreign visitor, the Ministries of Agriculture of both Norway and Sweden have got out excellently written and pleasingly illustrated booklets on the agriculture of their countries in the English language. That they have not gone unappreciated may be gauged from the fact that the Norwegian volume, although only issued in 1932, has already reached a second edition. The subjects covered include geographical conditions, type of holding and tenure, typical crops and animals, marketing, and the work of educational and governmental institutions. The Swedish survey includes a chapter on fisheries, the Norwegian on forestry, the consolidation of fragmented holdings, and agricultural legislation, which forms a long and important section. Both give particulars of the agricultural co-operative movement, and the initiation of State marketing schemes.

A book on *Swedish Agriculture*, written in Swedish by Ernst Høijer, is published by the Swedish Co-operative Union, and is used as a textbook by co-operative study circles. It is concerned with agriculture as a subject of independent study and only secondarily as a field for co-operative activity. It would be gratifying if English co-operators could record an equal painstaking and objective interest in the science of agriculture on the part of their urban members.

Both Swedish and Norwegian agriculturists have in the past year or two been devising marketing schemes roughly parallel

to those now on trial in this country. These have been dealt with at length in another section of the *Year Book*. It suffices to point out here that reports of Milk and Bacon Commissions are available in print and for readers of Scandinavian languages provide interesting points of comparison with the contents of English Orange Books.

The four years between 1919 and 1923 were for the Lithuanian Co-operative movement a period of passionate reconstruction. At the end of the War almost every trace of the pre-War co-operative movement had disappeared. By 1923 the destruction had been more than made good and the societies—revived or newly created—were already grouping themselves round appropriate centres. The ten years that followed, though not without their recorded advances, have in the main been years of consolidation and testing, and it is to tell the story of these years that the Association of Agricultural Co-operatives published its *Short Survey of Ten Years' Activity*. The work appears in Lithuanian, but contains a summary in French, and French headings are appended to all the more important statistical tables.

In other countries the War did not present the complete blank in co-operative history which was the experience of countries whose soil constituted an actual and almost continual battlefield. To others the War was, from the strictly co-operative point of view, a period of adjustment to altered economic conditions, conditions which might be obviously trying or, as in England, superficially advantageous, but which were always ultimately unhealthy. Charles Gide has dealt with this phase as it concerned France in a well-known work, but little else has been published on the subject. Dr. Schreiber, in his contribution, traces briefly, year by year, the fortunes of each type of German agricultural co-operative society through the period of the War, showing the difficulties, lack of supplies, reduction of personnel and the relations between co-operative and State

action. In each case stress is laid upon the services rendered by the co-operative movement to the nation. A more liberal use of figures would have increased, from the economist's point of view, the value of sections such as that on co-operative banking, but the book does not claim to be more than a rapid survey of a more or less untouched subject.

The Union of German Co-operative Societies in Poland has done a useful work in publishing a German translation of the Polish Acts governing co-operative societies, together with notes and illustrations. The value of such a handbook to the German societies themselves is obvious, but the student of co-operative law, unequipped with a knowledge of Polish, may also well be grateful for the access to the text of laws covering a large agricultural population in which co-operation is of great and growing importance.

In *Humanita Skutkem*, Mr. Antonin Vavra presents a series of short observations and aphorisms on co-operation and the social problems of the day, especially the problem of poverty. Mr. Vavra does not write as an official of the co-operative movement, but as an observer of social conditions whose concern is with education and the more general aspects of social reform. Here he looks to a synthesis of co-operative and State action and to what he calls a "ministry of Humanity and Welfare."

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